



Heat Pump Ready Stream 2

Response to Competition Questions

Version 4

Version 4 updates:

- Addition of Questions A.4 & A.5
- Addition of Question F.12
- Addition of Question G.3

Version 3 updates:

- Addition of Question D.7
- Addition of Question F.11

Version 2 updates:

- Addition of Conflict of interest Section J
- Addition of Question D.6



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

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A. Document Corrections

A.0 Is there a table missing on the Smart Survey, as part of Question 4 on the assessment criteria? Please can you advise on how this question should be answered?

The table required in response to Question 4 on the assessment criteria has been added as a link in the question with an upload box provided to submit your response.

A.1 Stream 2 finance template is available to view at this link: [heat-pump-ready-stream-2-project-cost-breakdown-form.xlsx \(live.com\)](https://heat-pump-ready-stream-2-project-cost-breakdown-form.xlsx(live.com)) However when I download this Schedule 2 template to save a copy, it seems to default to the Schedule 3 template? Please can you update the web site

This is the correct finance template. When opening the template, it defaults to the tab which asks applicants to detail the cost of participating in Stream 3, "Stream 3 participation", as per the information provided in Section 3.2 of the Stream 2 Competition Guidance.

A.2 Where should we download the declaration forms from, as there are two different sets of forms? (set of forms linked in the application form (word) are different to the forms which can be downloaded from the Stream 2 website).

Both sets of declarations have been updated to be identical to one another, however if in doubt, the Smart Survey Form declarations take precedence

A.3 Section 4.18 (Page 38) of the Engagement events and one-to-one sessions Q&A responses document states that "Match funding contributions can be 'in-kind' contribution (i.e. staff time, facilities)" but Bullet 3 in Section 13.5 of Stream 2 Competition Guidance Document states "Under no circumstances can the grant be claimed or used: ... in connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money)" So, please could you clarify which of the two statements above is correct, as they are contradictory and very much determine how I might proceed to engage with the HPR programme ?

With reference to Section 13.5 of the competition guidance which states: 'Under no circumstances can the grant be claimed or used In connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money)'. This refers to match funding contributions that are not equivalent to tangible and eligible incurred project costs (for example, seeking to use the value of IP or know-how as part of the match funding).

A.4 There seems to be some issues on the cost spreadsheet with regards to Stream 3 participation costs being included in the overall summary page and the project location tab. Could BEIS please double check the spreadsheet?

The cost spreadsheet has been amended, with an updated version published on the Smart Survey and the Heat Pump Ready Gov.UK page here:

<https://www.gov.uk/government/publications/heat-pump-ready-programme-apply-for-stream-2-opportunities>

A.5 I'm working through a stream 2 HPR bid and the guidance is really clear with regards to industrial research vs. experimental research and the associated permitted aid levels. The application form itself however then introduces this additional tier of 'Aid for Small Innovative Start Ups' but I can't find any BEIS guidance or definitions on this.

'Aid for Small Innovative Start Ups' is not an eligible tier under Heat Pump Ready and should not be selected by applicants. Only the categories listed in the Heat Pump Ready Stream 2 Competition Guidance are eligible.

B. General

B.0 How many grants are expected to be awarded under Stream 2?

BEIS expects to award around 20-25 grants under Stream 2. However, the exact number of projects depends on the funding requested from the successful applicants, i.e. if the successful applicants all request the maximum £2m of BEIS funding, only 12 projects will be funded (12 projects x £2m = £24m of BEIS funding). Further details of funding available are provided in Section 2.2. of the Competition Guidance.

B.1 If we are bidding for both streams 1 and 2, can we refer to our stream 2 project in the methodology of our stream 1 application (as potential supporting data and research to the project)?

Yes, however both projects should be stand alone and should not depend on each other to succeed. Stream 1 and Stream 2 applications are assessed and awarded funding independently of one another.

B.3 A set of Project Monitoring requirements will be enforced on HPR funded projects as detailed in the documentation. I see the need for these and welcome the BEIS approach to monitoring, improvement and efficiency of spending – the training available to improve and run a better business within the HPR programme also impressed me. However, it was noted in a recent discussion with a business partner that having stakeholders on the board of a business who have the power to drive the direction and focus of a business is a really bad thing. So, since the BEIS KPI/monitoring function has the power to withdraw funding, how does it avoid being a stakeholder in a small business that uses its position to control the activities and focus of the business [where it's view disagrees with the director's view] ?

BEIS monitoring is focused on the project being delivered, as opposed to the actions of the organisation. BEIS monitoring will ensure the project proposed by the organisations involved, is being delivered through the activities set out in the application form, to achieve the project's aims and objectives. BEIS project monitoring officers do not, and will not become board

members of project teams. Please refer to Section 10 of the Competition Guidance for details on Monitoring and Reporting requirements.

C. Scope

C.0 Can you select more than one of the 5 categories for your application?

No, each applicant should be targeted at one of the 5 categories. If your application cuts across more than one category, you should choose the category most relevant to the majority of the aims of the project. Examples of projects which fall within the 5 categories are provided in Section 2.1 of the Competition Guidance.

C.1 Can a tool or technology funded under Stream 2 be used in Stream 1's trial deployment?

Yes, however at the point of deployment in Stream 1 the tool or technology which has been developed in Stream 2 should be entering the market for sales (i.e. TRL8/9 or above). BEIS has included a 'rapid' option for Stream 2 projects to enable them to align with Phase 2 of Stream 1, with rapid projects due to be completed at the point of the Stream 1, Phase 2 stage gate – which could enable them to be trialled in Stream 1, Phase 2 projects. BEIS will facilitate introduction between successful Stream 1 and Stream 2 projects.

C.2 Can Stream 2 projects trial their technology as part of Stream 1's deployment phase?

Projects cannot use Stream 1 to 'trial' their technology as products deployed as Stream 1 is focused on trialling the innovative high-density heat pump deployment methodology as opposed to individual technologies and tools. Funding is available as part of Stream 2 to develop and trial technologies and tools which are at a pre-commercial stage. The 'rapid' duration of Stream 2 projects aligns with Stream 1, whereby project could complete their Stream 2 project and reach commercialisation, ahead of the Stream 1, Phase 2 stage gate. BEIS will facilitate introduction between successful Stream 1 and Stream 2 projects.

C.3 Do tools need to be manufacturer/product agnostic?

In order to maximise the benefits of the programme, BEIS encourages the development of innovative technologies and tools which are manufacturer/product agnostic – particularly for the development of technologies and tools which would fall under Category 2, Category 4 and Category 5 of Stream 2.

Applicants should consider how developing a tool which is not manufacturer/product agnostic aligns with the response to the assessment criteria in areas such as:

- Criteria 1, (Page 34-35 of Competition Guidance) "How large is the addressable market? (niche/small/medium/large) Nature of the market and ease of market penetration?",

- Criteria 2 which includes “How significant is the potential advantage which this innovation offers over existing solutions or alternative technologies that can meet current market needs?” and
- Criteria 5, “How strong is the case for added value of public funding?”.

C.4 Please may we ask can battery storage and inverter be included in the project cost? If not, is there any other government incentives for adoption of battery storage for the households involved?

Stream 2 does not support projects which focus on battery storage or inverters as stand-alone technologies. Please refer to Section 2.1 - Category 5 which details developing tools for the optimisation of home energy systems which link and integrate heat pumps to other technologies.

C.5 We are looking at the project including smart EV charging installation - given EV can be a significant draw on the grid and we are asking whether this aspect of the system solution can be qualified for other governmental incentives, such as OZEV Home Charging Point Grants? i.e. Adding in and bolting on charge point grants on top of the core programme funding and whether this is acceptable?

Stream 2 does not support projects which focus on EV charging installations as stand-alone technologies. Please refer to Section 2.1 - Category 5 which details developing tools for the optimisation of home energy systems which link and integrate heat pumps to other technologies

C.6 The requirement is for Heat Pumps in individual properties, as part of an application we'd like to develop a tool to support Local Authorities/Housing Associations in assessing heat pump proposition for multiple single unit dwellings they are responsible for. Would this proposition be eligible as part of an application?

This proposition may be eligible under Category 4, as detailed in Section 2.1. of the Competition Guidance.

C.7 Would the following examples be eligible under Stream 2?:

Web based self-service portals to allow customers (including local authorities etc.) and installers to understand the capacity of the network to support their plans and indicative costs of any network upgrades required.

- Mobile device based apps with back-office AI that allow customers and installers to get an assessment of individual supply point suitability for heat pump connection and potentially initiate applications to the DNO.
- Funding to develop these, network focused technologies is not eligible under Stream 2. Applicants may be eligible to receive funding for the development of such technologies from Ofgem's Strategic Innovation Fund and should contact SIF_Ofgem@iuk.ukri.org for further details.

C.8 In what configuration are Microgrids part of the scope for Stream 2. Can microgrid assets act as offsetting technology or do they need to be connected to the Heat Pumps (i.e. HP considered as nodes in the microgrid network)?

Stream 2 does not support projects which focus on microgrids as stand-alone technologies. Please refer to Section 2.1 - Category 5 which details developing tools for the optimisation of home energy systems which link and integrate heat pumps to other technologies

C.9 Referring to this statement (In Category 4 'Improve the Customer Journey'), "This category supports innovation for consumer facing tools and platforms to:

- help create a more seamless consumer experience and reduce barriers such as understanding different heat pump options, finding trusted installers and installation configurations.
- make it less time-intensive for homeowners to adopt heat pumps.
- help post-install performance monitoring and fault detection systems and ensure systems continue to operate at an optimum performance through continuous optimisation"

Does the tool need to cover all of the above points or at a minimum, only one?

No, a tool developed under Category 4 of Stream 2 does not need to address all the key focus areas listed above. Further examples of projects eligible under this criteria are provided in Section 2.1 of the Competition Guidance.

C.10 All five potential categories outcomes success will be dependent on consumer acceptance and take up. Please confirm that consumer research to determine this is not part of Stream 3 but needs to be budgeted for within the proposal. Our expectation is that elements of this consumer research design would be of interest to BEIS - please confirm that within our planning we should include time for the BEIS Research team to engage with the design phase and provide any input.

Consumer research specific to and necessary for the design and development of tools and technologies supported under Stream 2 is eligible for funding. However consumer research which primarily supports the development of BEIS policy is in **not** in scope for Stream 2. BEIS Research team will not be engaging with the design phase or providing any input to projects.

D. Applicant eligibility

D.0 With regards to the definition of a 'small business', does this imply that a company can still be classed as small if its balance sheet total is less than £9m even if it is larger than 50 and/or has a turnover of more than £9m?

Applicants should refer to https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en for definitions of business sizes

D.1 Are Housing Associations from Wales eligible to apply or is this solely for English based businesses?

Section 5.1, Eligibility Criterion 10 provides the following description of organisations which can apply for Stream 2 funding: “Projects must be delivered by individual UK-based, private sector businesses (sole applicants) or by a consortium of UK-based project partners led by a UK-based private sector business (consortium applicants).”

If the Housing Association is a UK-based, private sector business, it would be eligible to lead a project, otherwise it would be eligible to join a project as a consortium member.

D.2 The new company does not currently have any investments and/or any turnover. Would the new company be eligible to participate to the following grant as a lead?

Section 5.1, Eligibility Criterion 10 provides the following description of organisations which can apply for Stream 2 funding: “Projects must be delivered by individual UK-based, private sector businesses (sole applicants) or by a consortium of UK-based project partners led by a UK-based private sector business (consortium applicants).”

If there are no published financial accounts due to the age of the organisation, we will look for evidence of how the company is able to secure sufficient working capital to deliver the project. This evidence could be a combination of existing assets or parent company guarantees, if applicable.

D.3 Can any Local Authority partner and DNO receive grants (actual £) from the project programme and overall funding split?

Yes, Local Authority and DNO project partners are eligible for funding as detailed in Section 5.1, Eligibility Criteria 10.

D.4 Please confirm this funding opportunity applies to Social Landlords in Wales.

Section 5.1, Eligibility Criterion 10 provides the following description of organisations which can apply for Stream 2 funding: “Projects must be delivered by individual UK-based, private sector businesses (sole applicants) or by a consortium of UK-based project partners led by a UK-based private sector business (consortium applicants).”

If the Social Landlord is a UK-based, private sector business, it would be eligible to lead a project, otherwise they would be eligible to join a project as a consortium member.

D.5 Can a UK Business, registered with Companies house lead a Stream 2 application?

Section 5.1, Eligibility Criteria point 10 of the Competition Guidance states, “Projects must be delivered by individual UK-based, private sector businesses (**sole applicants**) or by a consortium of UK-based project partners led by a UK-based private sector business (**consortium applicants**). Private sector businesses of any size are eligible for funding in this Programme.”

D.6 We are a trading, incorporated business, registered as a Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014. Are we eligible to lead a Stream 2 application?

UK-based, private sector businesses are eligible to lead an application for Stream 2 of Heat Pump Ready. Where this business is registered as a Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014, BEIS will require the company to declare is that their constitution, as it stands, allows them to enter into commercial agreements in addition to reviewing the company's ability to financially manage this type of arrangement/project.

D.7 I was wondering if this opportunity was open to applicants in Northern Ireland?

Yes, Stream 2 is open to applications from Northern Ireland. Section 6.1.1 of the Competition Guidance (Rules for Subsidies in Scope of the Northern Ireland Protocol) states: "The rules set out in this document apply equally to all applicants from England, Wales, Scotland and Northern Ireland that are eligible to receive funding. Grants awarded to applicants and partner organisations from Northern Ireland will also be subject to scrutiny from the European Commission in accordance with Article 10 of the Northern Ireland Protocol in the UK/EU Withdrawal Agreement".

E. Collaborative/consortia applications

E.0 Can a university lead on this application with commercial partners?

No: Section 5.1, Eligibility Criterion 10 provides the following description of organisations which can apply for Stream 2 funding: Projects must be delivered by individual UK-based, private sector businesses (sole applicants) or by a consortium of UK-based project partners led by a UK-based private sector business (consortium applicants).

Universities are able to join projects as consortium members.

E.1 Please can you confirm that the lead Partner is responsible for the budget/spending control?

As detailed in Section 9.1.1. of the Competition Guidance, the Lead Partner is responsible for budget/spend control.

E.2 Can a Research and Technology Organisation (RTO) lead a submission to Stream Two?

No; Section 5.1, Eligibility Criterion 10 provides the following description of organisations which can apply for Stream 2 funding: Projects must be delivered by individual UK-based, private sector businesses (sole applicants) or by a consortium of UK-based project partners led by a UK-based private sector business (consortium applicants).

RTOs are able to join projects as consortium members.

E.3 Another question that came up when contemplating whether to partner or start a micro-SME is which of those two options have more weight within the BEIS. For a given amount of tax-payer funding, a new micro-SME will drive HMG's start-up and new jobs agenda (but also spend on business overheads), but partnering an idea into an existing company will lead to more funding being spent on the actual object of the exercise – getting to Net Zero faster (and use the business's existing overheads). So, which approach would attract more marks in the competition points system ?

As set out in the assessment criteria in Section 7 of the Competition Guidance, BEIS do not consider the size of an organisation when assessing applications. Assessors will be considering the 'experience and skills' of all applicants as described in Section 7.1, Assessment Criterion 6.

F. Project funding

F.0 With regards to Grant rates, please confirm University applicants would be funded at 80% FEC , in a collaboration with companies providing match funding? Company grant rates are 40-80% of total budget up to £2M

With reference to Section 13.3, "Where higher education institutions are carrying out non-economic activities, they can claim 80% of the Full Economic Costs (FEC) of their project work, calculated using the Transparent Approach to Costing (TRAC) methodology.". Details of funding levels for companies is provided in Section 6.1.2 of the Competition Guidance.

F.1 If a university if carrying out economic activity, what grant intensity would apply?

For universities carrying out economic activity, the grant intensity rates detailed in Table 6 of Section 6.1.2. of the competition guidance would apply.

F.2 What is the definition of non-economic activity?

Activities carried out by research or other organisations are not automatically classified as 'non-economic - the term 'non-economic' refers to the type of activity being undertaken not to the type of organisation carrying it out. Non-economic activities are those where "the goods or services produced are not placed on a market" and could not be competed or sold commercially. It is possible for organisations to carry out a mixture of economic and non-economic activities in a project, with different grant intensities applicable to the different types of activity.

F.3 The project will be led by a private company and engaged with a university and local authority. The project type is categorized as 'Industry Research'. Just enquire the financial percentage for academic partner and local authority, which rate do we charge 80% fec or 100% fec. Please advise.

With reference to Section 13.3, “Where higher education institutions are carrying out non-economic activities, they can claim 80% of the Full Economic Costs (FEC) of their project work, calculated using the Transparent Approach to Costing (TRAC) methodology.” Local authority partners could be eligible for up to 100% funding of eligible project costs if they are carrying out non-economic activities.

F.4 Will BEIS Heat pump grant rate for a university led bid be 80%?, where company led bids are paid a lower percentage?

With reference to Section 13.3, “Where higher education institutions are carrying out non-economic activities, they can claim 80% of the Full Economic Costs (FEC) of their project work, calculated using the Transparent Approach to Costing (TRAC) methodology.”. The grant intensity rates for other organisations are provided in Table 6 of Section 6.1.2. of the competition guidance.

F.5 Is there a maximum amount of project costs which can be claimed by a university as non-economic costs?

With reference to Section 5.1. Eligibility Criteria 10 – costs incurred by all non-business partners, carrying out non-economic work in a consortium must be less than 30% of the total eligible project costs - Section **Error! Reference source not found.** of the Competition Guidance provides additional details.

F.6 Can you confirm the maximum grant intensity available to a medium company which is wholly owned by a large company?

For a medium company, wholly owned by a large company, the applicable grant intensity will be that of a large company.

F.7 We understand that BEIS is unable to fund retrospective work on projects. Can you clarify how the value of retrospective work can be considered in the assessment process? (Eligibility Criterion: Project status)

As detailed in Section 5.1. Eligibility Criteria 3) “The impact of retrospective work may, however, be considered in the assessment process. BEIS cannot fund the development of processes, technology or products which are already at commercial design stage at the start of the project, or which are already commercially or widely deployed in the UK or internationally.” Evidence of retrospective work can be used to support applicants’ responses to the Stream 2 assessment criteria.

F.8 With explicit justification can a university led bid set out overheads of 40%?

Universities are not eligible to lead a bid, as set out in Section 5.1. Eligibility Criteria 10) “Projects must be delivered by individual UK-based, private sector businesses (**sole applicants**) or by a consortium of UK-based project partners led by a UK-based private sector business (**consortium applicants**).” **For overheads, as per Section 13.4 of the Competition Guidance, “BEIS normally calculate overheads as a fixed percentage of all**

direct labour costs at 20%, but in exceptional circumstances, that must be fully detailed in the application, BEIS will generally pay overhead rates between 10% and 40% of labour rates. The overhead rate is agreed with BEIS before the Grant award documents are issued and cannot be changed during the work.”

F.9 Section 4.18 (Page 38) of the Engagement events and one-to-one sessions Q&A responses document states that “Match funding contributions can be ‘in-kind’ contribution (i.e. staff time, facilities)” but Bullet 3 in Section 13.5 of **Stream 2 Competition Guidance Document** states “Under no circumstances can the grant be claimed or used: ... in connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money)” So, please could you clarify which of the two statements above is correct, as they are contradictory and very much determine how I might proceed to engage with the HPR programme ?

With reference to Section 13.5 of the competition guidance which states: ‘Under no circumstances can the grant be claimed or used In connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money).’ This refers to match funding contributions that are not directly equivalent to tangible and eligible incurred project costs (for example, seeking to use the value of IP or know-how as part of the match funding).

F.10 Match funding contributions can be ‘in-kind’ contribution (i.e. staff time, facilities) however these ‘in-kind’ contributions must be eligible projects costs and be included in the project finance break down. ‘In-kind’ contributions cannot be outside of the project costs or in addition to the total project funding. Could you confirm that whereby three companies with separate company registration numbers but with related ownership each can be awarded up to 3 projects.

If the three companies with separate company registration are more than 50% owned by the same parent organisation, then they would be treated as a single organisation only eligible to be award 3 projects in total across the 3 organisations. (See Section 5.2.2. of Stream 2 Competition Guidance)

F.11 If we are submitting an application as an organisation classed as small in size who is part of a Large Parent group. Which percentage do I use for grant funding the small lead organisation or its parent? It is not 100% owned only 55% owned by the parent.

For a company which is 50% or more owned by its parent company, the applicable grant intensity will be that of the parent company.

F.12 Could you please confirm what the company size would be defined as, and the applicable grant intensity for a company wholly owned by a parent organisation, whereby the parent company also wholly owns a series of other companies? Do the companies also wholly owned by the parent company need to be listed on the partner/parent organisation forms?

Please see Question F.11 above.

G. Other

G.0 Is the BEIS (or any associated monetising entity) claiming Carbon Credits through the BEIS HPR Project?

No, neither BEIS nor another organisation is claiming Carbon Credits against the Heat Pump Ready Programme.

G.1 Does the UK BEIS administer any UK Carbon Crediting and validation scheme for carbon saving projects executed in the UK (a non-developed country)?

This question is beyond the scope of Heat Pump Ready. As detailed in the question above, BEIS nor another organisation is claiming Carbon Credits against Heat Pump Ready. For further information regarding UK Carbon Crediting, please contact enquiries@beis.gov.uk

G.2 On the subject of matched funding for my idea, are there any businesses within the HPR network that have funding to deploy, but don't have a useful idea, concept or partner to fund ?

BEIS cannot advise projects on where to find funding or investment, however we have set-up an online networking platform to support the facilitation of project partnerships, which is available here: <https://heat-pump-ready-programme-networking.b2match.io/>

G.3 Do declarations need to be submitted for just the lead organisation or the lead organisation in addition to their partner/consortium organisations?

Only the lead application is required to submit declarations.

General Heat Pump Ready Questions & Answers

H. Supporting Materials

H.0 In the Q&A document, in response to questions 1.19, 1.20 and 1.21 on page 7, you stated that: "Our analysis indicates that around 80 to 90 per cent of homes currently have sufficient energy efficiency and internal electrical limits to accommodate a heat pump. However, due to the diversity of UK housing stock, it means that in some cases fabric energy efficiency upgrades, such as loft or wall insulation, may be required." Please could you share the analysis referred to?

This is BEIS internal analysis and is not yet published, however the methodology applied is the same as that published as part of the Delta-EE report on the technical feasibility of electric

heating in rural off-gas grid dwellings (<https://www.gov.uk/government/publications/electric-heating-in-rural-off-gas-grid-dwellings-technical-feasibility>).

H.2 is there any data available from the EoH project that we could plug into our modelling?

Data from BEIS Electrification of Heat project will be published in due course. Projects should base their proposals on data currently available and should be viable without data which has not yet been published.

H.2 When will the Home Suitability Model be published, including APIs? Significant elements of that tool would be useful, and also mean that repetition of activity could be avoided (with related impact on what needs to be included in our planning). Can the related research that was done in conjunction with the development of that tool be shared?

Details on the publication of the Home Suitability Model and associated API's will be released in due course. Projects should base their proposals on data currently available and should be viable without data/models which have not yet been published.

H.3 Will the Heat Pump Ready Programme Networking page stay up after the competition submission date and if so, any idea how long?

Yes, the Heat Pump Ready Programme Networking platform will remain open until at least November 2022.

H.4 Is/was the [excellent] UK SMART meter network funded by the UK Government (i.e. the taxpayer) and does the UK Government own the data which comes from it (even if both have been subsequently monetised by the CCS).

The smart meter rollout is funded by energy suppliers, who may recover their costs from their entire customer base, just as they do with traditional metering. This represents a small proportion of customers' energy bills. Access to the data collected by smart meters is controlled by the smart metering Data Access and Privacy Framework: the Framework ensures that households have control over who can access their energy consumption data and for what purposes, except where this is required for regulated purposes (such as accurate billing).

I. Eligibility

I.0 We currently have a project running through the Energy Entrepreneurs Fund, but am wondering if it is possible to apply for this also please?

With reference to Section 5.2.1 of the competition guidance, "Recipients of other BEIS or other public sector innovation grant funding (Energy Entrepreneurs Fund for example) may apply for funding for new projects within Heat Pump Ready Stream 2 - Developing Tools & Technology. Any applications for Heat Pump Ready funding must extend the scope of the previously funded work to substantively new applications or processes or extend the technology readiness."

- I.2 I have a company which provides training material and equipment to support learning providers. Could funding be eligible as part of Heat Pump Ready to develop training material and equipment and to scale up the fabrication of equipment?

Under Stream 2, as detailed in Section 2.1 of the Competition Guidance, a project which is developing innovative technology and tools to support the personnel involved in the heat pump installation process could be eligible.

- I.3 Does the Heat Pump Ready programme replace the incentive of RHI for an end consumer? How does the new programme compare to RHI? How do I, as a consumer, apply?

The Heat Pump Ready Programme is not a direct to consumer heat pump funding programme. Its aim is to provide funding to organisations to support innovation required to overcome barriers to heat pump deployment.

- The Boiler Upgrade Scheme (BUS) is currently planned to launch in April 2022 as a successor policy to the Domestic Renewable Heat Incentive (DRHI), the primary existing support scheme for low carbon heat, which will close to new applications on 31 March 2022.
 - The BUS will support the installation of air source heat pumps, ground source heat pumps, and, in limited circumstances, biomass boilers in domestic and small non-domestic buildings.
 - The BUS will provide upfront capital grants for the installation of low carbon heat technologies in domestic and small non-domestic properties, whereas the RHI pays consumers in arrears over 7 years. The grant model will help customers overcome the high upfront cost of low carbon technologies when replacing existing fossil fuel systems.
 - For further details on scheme eligibility and application requirements, we recommend viewing the [government response](#) for the Boiler Upgrade Scheme and Ofgem's [consultation](#) on scheme administration.
- I.3 I note there is Boiler Upgrade Scheme that possibly is the replacement to RHI. Is that correct? Where can I get full information re eligibility and how to apply?

The Boiler Upgrade Scheme (BUS) is currently planned to launch in April 2022 as a successor policy to the Domestic Renewable Heat Incentive (DRHI), the primary existing support scheme for low carbon heat, which will close to new applications on 31 March 2022.

The BUS will support the installation of air source heat pumps, ground source heat pumps, and, in limited circumstances, biomass boilers in domestic and small non-domestic buildings.

For further details on scheme eligibility and application requirements, we recommend viewing the [government response](#) for the Boiler Upgrade Scheme and Ofgem's [consultation](#) on scheme administration.

- I.4 I have been looking at lots of presentations and papers but I still don't fully understand. How do I find out more about applying for a heat pump, as my gas boiler is broken?

The Heat Pump Ready Programme is not a direct to consumer heat pump funding programme. Its aim is to provide funding to organisations to support innovation required to overcome barriers to heat pump deployment.

The Boiler Upgrade Scheme (BUS) is currently planned to launch in April 2022 as a successor policy to the Domestic Renewable Heat Incentive (DRHI), the primary existing support scheme for low carbon heat, which will close to new applications on 31 March 2022.

The BUS will support the installation of air source heat pumps, ground source heat pumps, and, in limited circumstances, biomass boilers in domestic and small non-domestic buildings.

The BUS will provide upfront capital grants for the installation of low carbon heat technologies in domestic and small non-domestic properties, whereas the RHI pays consumers in arrears over 7 years. The grant model will help customers overcome the high upfront cost of low carbon technologies when replacing existing fossil fuel systems.

For further details on scheme eligibility and application requirements, we recommend viewing the [government response](#) for the Boiler Upgrade Scheme and Ofgem's [consultation](#) on scheme administration.

J. Conflicts of Interest

- J.1 Initially [Company name] were going to be part of our consortium but they are probably bidding for Stream 3 - if we include them in our bid but say that if they get Stream 3 they would be carved away from the project (obviously they wouldn't be a dependency but a complement in terms of the actual submission), is that OK from BEIS' side?

As per the HPR guidance for all three streams, the appointed supplier for Heat Pump Ready Stream 3 - Trial Support and Shared Learnings will be partly responsible for assessing effectiveness and impact of Stream 1 - Solutions for High-density Heat Pump Deployment and Stream 2 - Tools & Technology projects and disseminating the work of these Streams.

BEIS therefore considers that there is potential for an actual or perceived conflict of interest if companies who bid for this Stream 3 - Trial Support and Shared Learnings work, were to bid for other work in or related to this Programme, for example, for the Stream 1 - Solutions for High-density Heat Pump Deployment or Stream 2 - Tools & Technology roles or for the Thematic Evaluation Contractor. In their tender response, all tenderers (regardless of which competition they are bidding for) are required to ensure that any actual or perceived conflict is declared and satisfactorily mitigated.

Organisations may submit bids for both Stream 1 - Solutions for High-density Heat Pump Deployment and Stream 2 - Tools & Technology funding but they must declare that they have

made applications to more than one stream; and ensure that satisfactory mitigation to any potential conflict of interest is identified in their tender responses.

BEIS reserves the right to exclude any proposals where the bidder has an actual or perceived conflict of interest that cannot be mitigated to the satisfaction of BEIS.

J.2 Stream 3 requires independent assessment of the stream 1&2 projects and the BEIS documentation entirely appropriately highlights the importance that there must be no conflict of interest, real or perceived, between the projects that are undertaken and their evaluation. Whilst the final details for Stream 3 do not appear to have been published yet (please correct me if I am wrong here), the initial documentation highlights the importance of independent performance assessment. [redacted] [Our organisation would like to enquire whether it can provide smart meter data, through its existing data collection service], to the Stream 3 provider.

To mitigate the potential conflict of interest, we propose that [if data were to be collected by our organisation in] Stream 3 to support the evaluation exercise, that [our organisation] only provide the data, with appropriate QA, and are not involved in its analysis or interpretation. Further, if the Stream 3 team wish to run the standard [data collection] survey to compare to a control sample, [our organisation] would administer the survey and provide the data, but take no part in its analysis and interpretation for the Heat Pump Ready Programme. In this way, whilst [our organisations] involvement may be required to access smart meter data and a standard survey, we would be able to provide assurance that [our organisation] has no involvement in the evaluation of that data, and thus of the participant projects of Streams 1&2, and therefore no conflict of interest.

When assessing the impact of a COI we need to take into account not only any actual conflicts, but perceived conflicts as well.

The steps outlined in your proposed mitigations have some shortcomings, especially in relation to 'perceived' conflicts which have not been addressed in the mitigations proposed.

In addition, you have not specified whether you intend to submit bids for (or be involved in consortia for) streams 1 & 2 or how you would specifically mitigate any perceived COI.

Our response is also conditional upon receiving and reviewing your proposal after the bid deadline before any final decision could be made on whether the COI considerations had been satisfactorily addressed.

J.3 I have found myself in a position whereby I am providing advice to Stream 1, Stream 2 and Stream 3 applicants regarding my area of expertise, however I will not be submitting my own application or bid. Please can you clarify who the responsibility of understanding if there is a conflict of interest fall on? Is it the bidders coming to me or me?

BEIS defines a conflict of interest for research and analysis, as the presence of an interest or involvement of the contractor, subcontractor (or consortium member) which could affect the actual or perceived impartiality of the research or analysis. If you are not involved in an application/bid as a contractor, subcontractor (or consortium member) you would be outside of the BEIS conflict of interest declaration requirements. If you are involved in an application/bid to Heat Pump Ready, you are required as part of your application to declare that you are involved in applications to more than one stream; and ensure that satisfactory mitigation to any potential conflict of interest is identified in each of your tender responses.

This publication is available from: www.gov.uk/government/publications/heat-pump-ready-programme-apply-for-stream-2-opportunities

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