



Department for
Business, Energy
& Industrial Strategy

Heat Pump Ready Stream 3

Response to Bidders Questions

Version 2.0

Version 2 updates:

- Addition of Question B3 to B12
- Addition of Question C2
- Addition of Question H4

Note: a revised version of Stream 3's Invitation to Tender has been published alongside this update.

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Contents

A.	Document Corrections	4
B.	Scope of work	4
B.	Consortium Bids	7
C.	Costings	7
D.	Use of Contingency Fund	8
General Heat Pump Ready Questions & Answers		9
E.	Supporting Materials	9
F.	Eligibility	10
G.	Conflicts of Interest	12

A. Document Corrections

A.1 Regarding question 9.3 of the Standard Selection Questionnaire (Declaration 4) – is this applicable ?

Q9.3 of the Standard Selection Questionnaire (Declaration 4) is not applicable to this ITT. Tenderers are not required to answer Q9.3.

A.2 Please could you extend the deadline for clarification Questions until Monday 7th February? The requirements are extensive and we need further time to identify areas of uncertainty. Also, we require more time for our legal time to review the extensive Ts and Cs.

BEIS will extend the deadline for clarification Questions until Monday 7th February, and will provide responses to those questions by Friday 11th February. The deadline for bid responses will remain the same (14:00 GMT, 7th March 2022)

B. Scope of work

B.1 Is the intention that the Stream 3 risk and issues register includes risk and issues identified for stream 1 and 2?

The Stream 3 risk and issues register should only include risks and issues applicable to the delivery of Stream 3.

B.2 The ITT lists a specific set of methodological requirements and outputs. Where we see that better impact or value could be delivered via an alternative approach, or in some cases via additional activities, would BEIS welcome those alternative / additional approaches, provided that justification is given? For example, we may want to specify alternative / additional ways of disseminating learnings from the programme or alternative forms of collaboration to those listed.

Tenderers can specify alternative and/or additional approaches to those included in the ITT for WP0, WP1, WP2, and WP3 if they consider those approaches to be suitably credible, have greater impact, provide greater value for money, and/or offer a more effective means of delivering a task. Where alternative and/or additional approaches to those detailed in the ITT are proposed, tenderers should provide a justification for their inclusion. However, each bidder must only submit one final methodology, and must not submit a number of options. All bids must fit within our budget, timeline and output criteria, regardless of methodology proposed. The activities, tasks, approaches, and methodologies selected must not exceed the maximum cost of a proposal, which is £3.75million.

B.3 The ITT Section “Task 17 Carry out research for Wave 2 of RQ 4” beginning on page 40 discusses requirements of evaluating Stream 2 projects. However, the list of bullet points at the bottom of page 41 implies Process Tracing should also be applied to the evaluation of Stream 1 projects e.g.:

“Process tracing analysis for each individual project, each of which should be viewed as a single case. BEIS expects the following to be carried out:

- During Stream 1, Phase 1 - Development of ‘contribution hypotheses’ for each project....”

We would like to check if this is a typo and is meant to refer to Stream 2 rather than Stream 1? Or is the requirement to consider application of Process Tracing to the evaluation of both Stream 1 and Stream 2 projects?

This is an error in the ITT. Task 17 includes an impact evaluation of Stream 2 projects only, which BEIS expects to involve process tracing. The reference to ‘Stream 1, Phase 1’ under Task 17 should have said ‘Stream 3, Phase 1’. The ITT has been re-issued with this change made.

- B.4 Is there a theory of change for the overall Heat Pump Ready programme, including behaviour change elements for the public? Is there a requirement to develop Theories of Change for the Stream 1 projects or should theories of change only be developed for Stream 2?

A high-level theory of change for the overall Heat Pump Ready programme, including behaviour change elements, have been developed internally and will be made available to the successful contractor. Project-specific theories of change should only be developed for Stream 2 projects.

- B.5 Regarding Task 11; should the costing model cover both CAPEX and OPEX and be capable of incorporating full business models, such as heat as a service? Or is the intention for the costing model to focus on the CAPEX of heat pump installation?

The full breakdown of elements to be included in the costing model will be determined once the Stream 1 projects are known and their approaches to high density deployment of heat pumps can be reviewed. Stream 3’s contractor will be responsible for developing a methodology which is fair to all approaches taken by Stream 1 projects.

- B.6 Given that the final versions of the case studies and guidance notes would be produced toward the end of Year 3, what is BEIS's plan for migrating the content from the Heat Pump Ready website to another site post completion of the project? Or is there a plan to continue hosting a dedicated Heat Pump Ready website after the project has ended?

BEIS are exploring its strategy for archiving content and will agree a migration plan with the successful bidder on whether the content is moved to gov.uk, hosted on a permanent standalone website or other. Note, relevant material from the Heat Pump Ready Programme will also be hosted on the gov.uk website. Suppliers are therefore not expected to include costings for migrating the content from the Heat Pump Ready website to another site post completion of the project as part of their Stream 3 bid.

- B.7 Would BEIS consider alternatives to a dedicated Heat Pump Ready website, where justification can be provided as to why this may provide a better service and better value for money?

Bidders must provide the bids based on the requirements of the ITT which details BEIS expects the Stream 3 contractors to develop and manage a Government Digital Service-compliant Heat Pump Ready website for the duration of the programme, with bidder required to provide a fixed cost for the development, running and maintenance of the website over the lifetime of the programme from website creation to programme close.

- B.8 Do BEIS have any stipulations regarding the website's domain name and hosting requirements, beyond GDS standards?

Website domain name and specific requirements, beyond the website being GDS compliant, will be discussed with the successful bidder.

- B.9 Is the intention that policy and regulatory stakeholders are one of the stakeholder groups for whom lessons from the programme should be captured and disseminated? As such, please can you provide any details of engagement that has already taken place that with key stakeholders such as MCS, RECC and Ofgem regarding their involvement and buy-in to the programme?

As per the Task 12 of the Invitation to Tender, the supplier will be responsible for developing a stakeholder map to identify the relevant stakeholders, their influences on heat pump installations and their interest, as well as their size. Where BEIS have already engaged with stakeholders the supplier identifies, details of the engagement to date will be provided to the supplier.

- B.10 How many rounds of revisions is it anticipated that Stream 3 outputs will require on average? Based on this, how much extra time should prospective contractors and subcontractors look to incorporate into the delivery of their services/deliverables

Contractors should anticipate that Stream 3 outputs will require three rounds of review by BEIS, and should be included in the cost of delivering Stream services/deliverables. The time required to delivery of Stream 3 outputs, inclusive of the three rounds of review, should account for the expected length of outputs.

- B.11 What security clearances will be necessary for the delivery of tasks 16-20?

No security clearance will be necessary for the delivery of tasks 16-20. The contractor selected to deliver the contract will go through Due Diligence. The successful contractor will be bound by Clause 15 of the Heat Pump Ready: Stream 3 - Trial Support and Learning Mid-tier Terms and Conditions. Clause 15 covers the handling of confidential information.

- B.12 To what extent will personal data collection be required to deliver the following tasks: 16, 17, 18, 19, 20 and 21? What data roles does BEIS envision successful contractors undertaking in respect of these tasks?

BEIS expects personal data to be required and collected for Tasks 16, 17, 18, 19, 20, and 21, including, but not limited to, the names and contact details of individuals involved in Stream 1 and Stream 2 project delivery. At present, BEIS envisions successful contractors being data processors. As part of the delivery of Task 10, the contractor will identify the data required to carry out Stream 3 tasks and how this data will be accessed, expressed through a 'Data Sharing and Access Plan'. Its purpose is to ensure the contractor and BEIS are aware of all data access requirements, and that a plan is in place for accessing relevant data, including the roles of different stakeholder.

C. Consortium Bids & Sub-Contractors

- C.1 Regarding question 6.1 of the Standard Selection Questionnaire (Declaration 4) – if we are bidding as lead contractor with support from sub-contracting partners do we include our reference projects here only?

With reference to "Declaration 4 – Background - Supplier Selection Questionnaire: Part 3", if your organisation is bidding on behalf of a group (consortium) or your organisation intends to use sub-contractors, tenders should complete all of the selection questions on behalf of the consortium and/or any sub-contractors. In respect to Q6.1, this means providing experience and contract examples of delivering the tasks/activities assigned to the lead contractor and to all sub-contracting partners that are supporting delivery. If these examples cannot be provided, for one or more sub-contractors and lead contractor, then Q6.3 should be completed.

- C.2 Schedule 18 - Supply Chain Visibility, after a project has started, will contractors under all circumstances be unable to directly award new subcontracting work to existing subcontractors?

The Supplier shall, subject to Paragraph 2.3 of Schedule 18 in the Terms and Conditions, advertise on Contracts Finder all Sub-Contract opportunities arising from or in connection with the provision of the Deliverables, above a minimum threshold of £25,000, that arise during the Contract Period. This relates only to subsequent subcontracts that may arise during the duration of the contract, not subcontracts which were planned and clearly stated in the bid. To avoid doubt, suppliers should discuss and agree with BEIS prior to subcontracting work.

D. Costings

- D.1 Will BEIS recognise and allow for increases in prices for equipment and labour that are likely to occur over the duration of the project? If additional work is required, the original unit prices quoted may have increased.

No. Suppliers must allow for any expected increases in price and include this in their pricing quote.

E. Use of Contingency Fund

E.1 In referring to the availability of the contingency fund there is no reference to stream 3 WP 0 is this intentional? Is the contingency fund available for Stream 3 WP0?

The contingency fund can be accessed for activities in WP0. It can only be accessed under the circumstances set out in the ITT. Tenderers must not include in their bid any work that would rely on the contingency funding, nor provide any suggestions or recommendations for how the contingency fundings could or should be spent. All work included in the proposal must be within the £3.75 million core budget.

General Heat Pump Ready Questions & Answers

F. Supporting Materials

F.1 In the early engagement 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>).

F.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.

F.3 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.

F.4 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.

F.5 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).

G. Eligibility

G.1 We currently have a project running through the Energy Entrepreneurs Fund, but am wondering if it is possible to apply for [Stream 1 and Stream 2 funding] 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."

G.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.

G.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.*

G.4 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.

G.5 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.

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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.

H. Conflicts of Interest

- H.1 Initially [Company name] were going to be part of our consortium [for a Stream 1 and/or Stream 2 project] 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.

- H.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.

H.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.

H.4 I wanted to quick check in with you, as we're looking at the recently released tender for Stream 3 of the Heat Pump Ready programme. We're considering supporting another organisation in their bid for this work and I wanted to double check that you would agree there is no conflict of interest for [a company which provided early stage, business case development support to BEIS]. From my memory and understanding we had very little involvement in what Stream 3 might constitute for the Outline Business Case and no influence on what this ITT and detailed scope of work covers. We'd make clear the role we had in the support to the OBC in the required COI declaration, but I thought it simpler to ask the question upfront if that isn't inappropriate.

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. Based on the information provided, BEIS considers that there is at the very least a perceived conflict of interest. However, our response is conditional upon receiving and reviewing your proposal after the bid deadline before any final decision will be made on whether the COI considerations had been satisfactorily addressed. Please ensure you set out clearly the actual and/or perceived conflict, and the proposed mitigations.

This publication is available from: www.gov.uk/government/publications/heat-pump-ready-programme-apply-for-stream-1-opportunities

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