Department for Energy Security & Net Zero

Boiler Upgrade Scheme Consultation Response

Government response to the Boiler Upgrade Scheme Regulations consultation

March 2024

Contents

Ministerial Foreword

The United Kingdom is leading the world in the transition towards Net Zero emissions by 2050.

Low carbon heating remains an integral part of our ambition to hit our Net Zero targets and we remain committed to our goal of installing 600,000 heat pumps per year by 2028. The Boiler Upgrade Scheme (BUS) has had a successful introduction and up until the end of January 2024, has paid out 20,497 vouchers to properties across England and Wales. However, upfront installation costs remain a barrier to uptake of low carbon heating technologies such as heat pumps.

It is crucial that the transition to Net Zero is delivered in a way that brings the public with us and does not impose unacceptable costs on consumers. This is why the Prime Minister announced on the 20 September[1] 2023 that the UK will be taking a more pragmatic and proportionate approach to achieving Net Zero by 2050, and that as part of this, the government would increase the grant available under the BUS for air source heat pumps (ASHP) and ground source heat pumps (GSHP) to £7,500. This makes the BUS one of the most generous schemes of its kind in Europe.

The BUS is at the centre of the government's plans for ensuring properties have the support needed to make the transition to low carbon options on the path to Net Zero. The increased BUS grant was introduced on 23 October 2023. In addition, the government published a consultation on potential changes to the Boiler Upgrade Scheme regulations on 31 August 2023, as we want to ensure the BUS continues to provide a simple consumer offer to encourage greater uptake of low carbon heat systems.

[1] PM Speech Net Zero (20 September 2023)

Background

This document sets out the government's response to the consultation on the Boiler Upgrade Scheme (BUS – the 'scheme') regulations which was published on 31 August 2023, and closed on 12 October 2023. It does not repeat the content of that document in full, and therefore this government response and the consultation document should be read together.

To support with the upfront capital cost of a heat pump, the government launched the BUS in May 2022. The primary objective of the scheme is to further incentivise and increase the deployment of heat pumps, following the closure of the Domestic Renewable Heat Incentive (DRHI), by providing targeted support to the supply chain in parallel with government support for low carbon heat skills and manufacturing.

From May 2022 until January 2024, the scheme received 33,424 applications and paid out £113m in grants. As of 4 March 2024, there were 1,274 installers registered on the scheme.

The government has demonstrated its commitment to the deployment of heat pumps by announcing an extension of the scheme with £1.5 billion additional funding for the scheme from 2025 up until March 2028 as announced on 18 December 2023[2]. This will support a much more significant volume of installations as part of the transition to low carbon heat. The government has also announced a new £400 million energy efficiency grant. It is envisaged that the grant will provide support for consumers who wish to upgrade their insulation to reduce their energy bills or additional support to upgrade their radiators where necessary to enable a heat pump to work best. The scheme is in the early stages of development and more detail will follow in due course.

[2] Press Release: £6bn energy efficiency support (Nov 2023)

Summary of consultation proposals and stakeholder responses

The consultation set out proposed amendments to the Boiler Upgrade Scheme regulations, which we intend to introduce in early 2024, subject to the will of Parliament. It covered whether:

- we should be able to differentiate grant levels in different circumstances;
- to retain or amend the existing Energy Performance Certificate (EPC) requirements;
- biomass boilers with a cooking function should be eligible under the scheme.

This document sets out a summary of the responses we received to the five consultation questions and outlines the government's position on each issue. Where there are multiple questions related to one issue, a single government response is provided in relation to all the relevant questions on that theme. Some questions received more responses than others.

The consultation was published on GOV.UK and we received a total of 205 individual responses from a wide range of organisations, representative and trade bodies, industry professionals, and individual members of the public. While not every individual point raised has been captured in this summary and response publication, all the views that were shared with us have been taken into consideration.

We are grateful for the valuable responses to the consultation from across a range of stakeholder groups. We would like to thank everyone who took the time to respond.

Feedback that was received through other additional channels to the formal consultation response during the period that the consultation was open has also been considered, however this feedback is not represented in the response percentages.

A breakdown of the responses we received according to different stakeholder categories is provided in Table 1.

Table 1 – Consultation responses by type or ogranisation

Respondent type	*Number of responses*
Trade Association	19
Heat Pump installer and/or Heat Pump Manufacturer	78
Other (organisations / private individuals)	108

Summary of the government response to stakeholder feedback

This section summarises the changes intended to be made to the BUS later this year, upon the passage of legislation to amend the Boiler Upgrade Scheme Regulations 2022. We will keep stakeholders and scheme participants informed on the date which the regulations, and thus the scheme changes, will come into effect.

- After considering responses to the consultation, we intend to future-proof the regulations by being able to differentiate the grant levels for properties off the gas grid and self-build properties. As we have recently introduced a grant uplift for all properties, we do not intend to vary the grant levels for these properties when the regulations come into force. We will however be able to vary the grant levels for these properties in future, if necessary. It is intended that any new grant categories would be introduced in line with the existing grant change process including the 28 days' notice to the market.
- The capacity limit for individual systems will be maintained at 45kW, however the capacity limit for shared ground loops will be increased to 300kW. This will aid in making ground source heat pumps more financially viable, in parallel with the increased grant level of £7,500.
- We will retain the requirement for a valid Energy Performance Certificate, generated in the last 10 years, but will remove the requirement to fulfil the recommendations for loft and cavity wall insulation provided on the EPC. It will continue to be government guidance to install loft and cavity wall insulation measures where there are EPC recommendations, but these will no longer be mandated.
- Biomass boilers with an integrated cooking function will be newly eligible for support. Permitting these systems will provide a solution for decarbonising cooking in properties which wish to do so in parallel with transitioning their space and hot water heating.
- We will amend the approach to commissioning dates. An application will not be eligible if made for a system which has been commissioned more than 120 days ahead of the application. Previously any system installed after scheme launch was eligible to apply.

Both DESNZ and Ofgem will work closely with stakeholders and registered installers to ensure the changes to the scheme rules are understood and introduced smoothly.

Differentiating grant levels

Consultation proposal

Under the current scheme, grants are varied solely based on replacement technology. At the time of publishing the consultation in August, property owners were eligible for £5,000 towards the cost and installation of an air source heat pump (ASHP) or biomass boiler, and £6,000 towards the cost and installation of a ground source heat pump (GSHP), including water source heat pumps. However, following the Prime Minister's Net Zero statement in September 2023, the BUS grant for ASHP and GSHPs increased to £7,500 on 23 October 2023 – making it one of the most generous schemes of its kind in Europe. The grant available for biomass boilers has remained at £5,000.

There is currently no variation of grant levels based on other factors. We therefore asked for views on whether it should be possible to vary grant levels to differentiate between different types of property, existing fuel source, and/or property owner to support uptake under the scheme or to further enable wider government energy-related objectives.

Question 1: Do you agree with the proposal to allow for the potential differentiation of the grant levels for different types of property or property owner within the regulations?

Summary of responses

We received 205 responses to this question. Of these responses, 143 selected 'Yes', 52 selected 'No' and 14 respondents did not answer.

Of those in favour, respondents listed a wide range of non-mutually exclusive scenarios where it should be possible to differentiate grant levels including:

- **properties off the gas grid / rural locations** to reflect more accurately the installation and running cost differences associated with replacing fuels such as coal, oil and LPG. Many called for a similar uplift to that offered via Home Energy Scotland[1] which provides an additional grant for rural properties installing an eligible heat pump or biomass boiler.
- **older ('complex-to-decarbonise'), larger and/or detached properties**, with some respondents suggesting that the larger the property, the larger the disparity between the cost of installing a heat pump compared to a gas boiler. The flat rate grant discourages installations in larger or older properties, which typically have higher heat demand due to the building fabric and efficiency.
- **additional technology types** with many respondents proposing that grants should be offered for hybrid heat pumps, albeit with a lower grant level, as fewer fabric upgrades to a property are needed, and a smaller output heat pump is required. It was suggested that hybrid systems could build familiarity with heat pumps whilst still having the familiar element of an existing boiler. Others suggested grants should be extended to air-to-air heat pumps and thermal batteries to help small homes and flats to decarbonise sooner as they are cheaper and easier to install.

- **lower income households** to enable further uptake in properties where, even with the grant, the capital cost difference between fossil fuel systems and a heat pump remains a barrier. Higher grants could be offered to properties in council tax bands A-D, because although this is not a direct measure of income, it would be simple to operationalise and navigate for both households and installers. Others suggested that applicants claiming means tested benefits should be eligible for an increased grant level.

Among those who were not in favour of the proposal, the majority were concerned about how differentiating the grant levels further could make the scheme more complex and add unnecessary administrative barriers. They argued that one of the big advantages of the BUS is its simplicity, both for installers and property owners. Some respondents felt the DRHI, which preceded BUS, suffered from being too complicated which may have hindered uptake. Respondents felt that keeping the BUS as simple as possible would lead to a greater lifetime uptake and make it easier for consumers to understand the pricing and the impact the scheme would have on their installation.

Many respondents called for additional support for ground source heat pumps to account for the higher costs of installing these technologies and lower deployment observed to date on the scheme in comparison to the DRHI.

Government response on differentiating grant levels

We recently reviewed the current market costs of heat pumps and uptake under the scheme and concluded that the capital cost gap between fossil fuel systems and heat pumps remains a barrier to uptake. We determined that additional financial support was needed to support property owners in the transition to low carbon heat and took decisive action by increasing the grant available for heat pumps to £7,500 on 23 October 2023. The market has responded well to the uplift with application and redemption levels exceeding pre-grant uplift levels.

We expect the combination of the BUS and investment from both government and industry in the supply chains, will deliver market growth and capital cost reductions for heat pumps through innovation and economies of scale. With that, we will look to reduce the grant levels offered under the scheme over time, to ensure it does not over-subsidise heat pumps and can support a broader pool of properties with the available public funding.

We want to ensure that the process for reducing grant levels is agile and swift and does not exclude sectors of the market that continue to have higher installation costs due to property size or characteristics. In the transition to low carbon heat, we do not want any property to be left behind.

Differentiation for off gas grid properties

We recognise that there may, in future, be circumstances in which differentiation of grant levels could be appropriate for off gas grid properties. Properties off the gas grid tend to fall into the category of being larger, ‘complex-to-decarbonise’ and/or detached and thus have a higher heat demand requiring a larger and more expensive system. Moreover, we recognise that costs can sometimes be higher when replacing high carbon fuels such as coal, oil and LPG compared to gas boilers, thus affecting the costs for rural properties in comparison to urban ones. We therefore intend to introduce specific new differentiated categories in the regulations for ***off gas grid properties and the replacement of specified fuel types such as coal, oil and LPG.***

In recognition of the more generous universal support introduced on 23 October, we do not intend to vary grant levels for this category at this time but will keep the situation under review and retain the flexibility to vary them in the future. If a decision is made by the Secretary of State to introduce a grant level change for properties off the gas grid, a notice of 28 days will be published on GOV.UK. Eligibility will be set out in the regulations and additional guidance will be published for property owners and installers, if an off gas grid category is introduced, to detail evidence requirements.

Differentiation for eligible new builds (self builds)

The BUS is primarily targeted at enabling property owners to replace fossil fuel heating systems in existing properties. New builds were excluded from the scheme on the basis that property developers could absorb the costs of heat pump installations. Eligible new builds (self builds) were the exception to this, as they do not benefit from the same economies of scale as large developments and therefore could face similar upfront costs to retrofit installations.

The Future Homes Standard (FHS)[3], planned to be introduced in 2025, will mandate all new build properties to install a low carbon heating source. This will build supply chains for heat pumps in new build properties and will likely lead to further cost reductions in this market, making the installation of low carbon heat comparable to the installation of a boiler in new builds. We therefore intend to introduce a differentiated category in the regulations for eligible new builds, with the option to reduce or remove support under BUS as the FHS is implemented through building regulations and takes effect.

Additional technology types

A number of respondents recommended broadening the scheme by introducing new technologies such as hybrid heat pumps. Although all feedback is welcome, we consulted specifically on differentiating grant levels for the technologies currently eligible through the BUS. The intention continues to be to direct the limited available funding under BUS towards the technologies that offer the greatest carbon savings, rather than those which would continue to involve the burning of fossil fuels for heating. The development of higher temperature heat pumps means more homes can now have a heat pump, with fewer changes needed to radiators, while delivering similar levels of performance. At this time, we do not intend to introduce new technologies to the BUS but will keep this under review.

Support for low-income households

The government recognises that low carbon heating measures can be particularly costly to install for many low-income families as flagged by many respondents. However, in recognition of the considerable existing and upcoming support available for low-income households through other government schemes and industry obligations, we do not plan to differentiate grant levels under the scheme to provide additional support for low-income households. Not only would this complicate the landscape of financial support packages available to different households, but it would compromise a key objective which is for the BUS to provide as straightforward an offer to consumers as possible, noting that its simplicity was endorsed by many respondents.

We are already supporting low-income households in England through the Social Housing Decarbonisation Fund (SHDF) and the Home Upgrade Grant (HUG) and households in England and Wales the Great British Insulation Scheme (GBIS), and the Energy Company

[3] Future Homes and Building Standard Consultation (Nov 2023)

Obligation (ECO) – and previously through the Local Authority Delivery (LAD) scheme which recently closed. In Wales, the Optimised Retrofit Programme supports decarbonisation in the social housing sector and the Warm Homes Programme Nest scheme delivers energy efficiency and low carbon heating solutions to low income households in the private-rented and owner-occupied sectors.

As announced on 18 December 2023, a new £500 million Local Authority-led fuel poverty scheme (Local Authority Retrofit Scheme) will build on HUG and LAD. The Local Authority-led scheme will provide grants for energy efficiency measures and low carbon heating to private, low-income households living in EPC D-G homes in England to tackle fuel poverty and progress net zero 2050. Delivery is expected to run from April 2025 to March 2028.

We are also supporting some of the most fuel poor households through the SHDF, a £3.8bn 2019 manifesto commitment over a 10-year period, which will improve the energy performance of social rented homes.

The SHDF has taken a waved approach to delivery and is currently in Wave 2.1. Wave 2.2 will allocate up to £80 million in grant funding to eligible Social Housing landlords, including local authorities and housing associations. The SHDF Wave 2.2 competition opened on 20 November 2023 and rans until 31 January 2024. It is estimated that this top-up fund will help upgrade around a further 9,500 social homes, saving tenants on average around £240 a year on their fuel bills and cutting carbon emissions. As part of the announcement on 18 December 2023, the SHDF was allocated an additional £1.25 billion to support up to 140,000 social homes between 2025 to 2028.

In addition, the Energy Company Obligation (ECO) obliges larger energy suppliers to provide energy efficiency and heating measures to low-income and vulnerable households living in the least energy efficient homes across Great Britain. The current iteration of the scheme, ECO4, runs from 2022 to 2026 with an increased value of £4 billion.

Shared Ground Loops

We did not consult on a specific new capacity limit for shared ground loops (SGL), but we received many formal stakeholder responses to the consultation, and feedback through wider industry engagement, on the barriers which exist in deploying GSHPs. In consideration of this, we intend to address the concerns raised and have therefore covered GSHPs and SGLs in this response.

Whilst we expect that ASHPs continue to be the main technology deployed under the scheme, there is potential to increase the number of GSHPs deployed.

The government recognises that the cost of groundworks for GSHPs are a significant barrier to the deployment of the technology and therefore SGLs are an effective solution for spreading the installation costs and providing better value for money in transitioning several properties at a time to low carbon heat.

In order to further support the installation of GSHPs, we will increase the capacity limit under the scheme from 45kW to 300kW to enable larger SGLs to be eligible for support. This should expand the eligible SGL size from approximately 5-10 properties to up to 25 properties and make GSHPs more financially viable for more properties. The individual property capacity limit will remain at 45kW.

EPC Requirements

Consultation proposal

Current BUS requirements are: to ensure installations are only undertaken in properties appropriate for low carbon heat technologies, a property is required to have a valid EPC (less than 10 years old) with no outstanding recommendations for loft or cavity wall insulation. The consultation sought feedback and evidence on whether to retain the current requirement to have a valid EPC with no outstanding recommendations for loft or cavity wall insulation to be eligible for the scheme. We also asked for views on whether, if we retain the requirements, there are any changes we could make to minimise potential burdens and ensure the consumer journey is as simple as possible whilst not weakening consumer protections.

Question 2: Should we maintain the current requirement for a valid EPC with no outstanding recommendations for loft or cavity wall insulation?

Summary of responses

We received 205 responses to this question. Of these responses, 95 selected ‘Yes’, 96 selected ‘No’, and 14 respondents did not answer.

Those in favour of retaining the current requirements suggested that they prevent inappropriate installations of heat pumps, arguing that they reduce heat loss and reduce ongoing running costs for property owners. Several respondents stated that by extension, the requirements therefore protect the reputation of heat pumps both in terms or running costs and thermal comfort.

Some respondents wrote that the requirements are an opportunity to utilise the scheme to encourage insulation, with property owners required to explore how they can make improvements to their property rather than just opting for a larger sized, more expensive heat pump. Some respondents felt that allowing heat pumps to be installed without insulation would be a missed opportunity to incentivise consumers to insulate their homes and may result in many years of less efficient heating. It was also raised by some that heat loss and thus energy waste from lack of insulation was contrary to the scheme’s aims and could have implications on the grid.

Some respondents highlighted that EPCs are easy and cheap to obtain, they are familiar to most and many property owners already have one as they are necessary for a house sale. Moreover, they emphasised that installing loft and/or cavity wall insulation is generally simple, relatively cheap and is cost effective overall as it reduces running costs.

Those opposed to retaining existing requirements cited reasons including the cost of obtaining an EPC and fulfilling the insulation recommendations, at a time when property owners are already incurring a large expense for a new heating system. The cost of cavity wall insulation was referenced as a concern more often than the cost of loft insulation or EPC assessments.

Other respondents raised concerns that the requirement for an EPC with no recommendations for loft or cavity wall insulation posed an additional step or barrier for property owners in the installation process and that this barrier does not comparatively exist for the installation of a fossil fuel heating system. It was also raised that the requirement for loft insulation posed a

barrier in properties where it was deemed not suitable due to the small size or inaccessibility of the space. Some respondents mentioned that some lofts already had insulation, but this needed topping up to meet the recommendation of the EPC, and this caused disproportionate disruption.

Additionally, a small number of respondents suggested that arranging insulation work would take too long for a heat pump to be considered an option in a 'distress purchase' scenario, where a previous fuel system had broken down. While it is possible under BUS for insulation work to be completed and a new EPC obtained after the installation of the heat pump but before the BUS voucher is redeemed, respondents felt this was not emphasised enough to encourage heat pump installations in this scenario.

Other respondents said that heat pumps were still effective without insulation and the requirement for insulation suggests that heat pumps are only suitable for highly insulated homes. Additionally, some mentioned that converting the worst insulated houses to a low carbon heating system would make a significant contribution to carbon savings.

Question 3: If you consider the EPC requirements to be a barrier to uptake, what specifically do you consider to be the issue - the requirement to have a valid EPC; the requirement to have a valid EPC with no outstanding recommendations relating to loft or cavity wall insulation; or 'other' reason?

Summary of responses

We received 205 responses to this question. Of these responses, 38 selected 'requirement to have a valid EPC', 54 selected 'requirement to have a valid EPC with no outstanding recommendations relating to loft or cavity wall insulation', and there were 56 'other' responses. 57 people did not answer the question.

Among respondents who selected 'requirement to have a valid EPC with no outstanding recommendations relating to loft or cavity wall insulation' the main reasons given were that EPCs are unreliable due to variance in knowledge and experience of assessors and the rigor of the methods used to assess the property; cavity wall insulation is not always appropriate where it is recommended; and the cost of insulation presents a barrier for customers.

Among respondents who selected 'requirement to have a valid EPC', the main reason given was the view that EPCs are unreliable. A few respondents suggested that the cost and time to obtain an EPC presents an unnecessary barrier.

The 'other' responses included the view that whilst EPCs and insulation requirements are not a barrier, EPC (SAP) assessments can be unreliable and sometimes result in recommendations for cavity wall insulation that are inappropriate for the property. In some examples given, cavity wall insulation was not possible and in others the property owner did not want to risk damaging their property or causing damp. Properties cited to be unsuitable included traditional or stone construction properties, properties with a modern timber frame, properties with walls exposed to driving rain and properties where the owner has been advised that this insulation may cause damp and mould.

Some suggested that the benefits of appropriate insulation alongside an installation could instead be highlighted through guidance or by installers without using EPCs.

Question 4: If we retain the EPC requirements, are there any potential changes we could make to ease the consumer journey without risking heat pumps being installed in

unsuitable properties? For example, allowing the submission of an expired EPC with no recommendations for loft or cavity wall insulation.

Summary of responses

We received 146 responses to this question.

37 of the respondents agreed with the example of allowing the use of an expired EPC with no recommendation for loft or cavity wall insulation. Some noted that it was unlikely anyone would have removed any insulation which would mean even an 'out of date' EPC could still provide evidence of whether a property meets the BUS insulation requirements.

Other suggestions included an additional grant being provided specifically to cover insulation costs, or flexibility on the EPC insulation recommendations via possible exemptions where undertaking the insulation is not suitable. Some respondents suggested that the additional cost of getting an EPC should be covered by a further grant where a new EPC is required for access to BUS funding. Respondents also suggested that there should be more education around suitable insulation measures for property owners.

Government response

Requirement to have a valid EPC

After careful consideration of the finely balanced responses to these questions on EPC and insulation requirements, the government intends to retain the requirement for property owners to have a valid EPC (one issued within the last 10 years).

We consider EPCs to be an easy-to-understand, relatively low-cost eligibility measure that provide an accessible assessment of potential efficiency ahead of the property owner contacting an MCS installer, one which helps them understand measures they can take to improve efficiency and reduce bills.

It is important that the EPC is up to date and reflects the status of the building so that property owners have an accurate guide of the insulation recommended and avoid unanticipated upgrades following an installation or an inappropriate installation that locks the consumer into high energy consumption and running costs. We do not therefore intend to permit EPCs older than 10 years under the scheme because this is a significant amount of time for the property to have changed part of the fabric or heating system, for example a property may have had an extension.

The requirement to have a valid EPC is also integral to the administration of the scheme and serves as a tool for validating other scheme eligibility criteria. They are utilised by Ofgem, as scheme administrator, to confirm the existing heating system within a property and ensure that public money is being appropriately spent on the replacement of fossil fuel systems, rather than existing low carbon heat systems, in order to drive carbon savings.

Microgeneration Certification Scheme (MCS) standards set out methodologies for assessing the property's viability for a heat pump, including a heat pump system performance estimate, which utilises a property's EPC, and heat loss calculator. The MCS heat pump system performance estimate provides the property owner with an estimate of performance and running costs prior to an installation taking place to ensure they are making an informed choice when transitioning to a heat pump. Households would therefore still need to provide a valid

EPC for the MCS energy performance calculation, even if this requirement was removed under BUS.

Requirement to have no outstanding recommendations relating to loft or cavity wall insulation

The significant funding we are investing in clean heat and energy efficiency in buildings is only one part of the government's proportionate and pragmatic approach to reaching Net Zero. We also want to remove practical barriers to accessing the scheme, as well as avoid imposing additional costs on families. We therefore intend to remove the legal requirement to have no outstanding recommendations relating to loft or cavity wall insulation to be eligible for BUS to make the process for installing a heat pump as easy and cheap as possible for property owners.

We recognise concerns that the BUS insulation requirements are an additional hurdle and disincentive for those considering transitioning to low carbon heating, particularly when combined with the upfront cost of having a heat pump installed. This barrier is particularly acute when property owners are faced with 'distress' purchases when their existing heating system unexpectedly breaks down. In this scenario, property owners are considerably more likely to replace it with a 'like for like' fossil fuel system, than choose the route of installing a heat pump which would require them to address insulation recommendations before a voucher for the BUS expires.[4]

Separately, we recognise concerns that the recommendations in an EPC may not be appropriate for the specific property – for example, in properties prone to damp. Even considering the exemptions to the insulation requirements already provided for under the BUS regulations, this could put property owners in the difficult position of having to make inappropriate changes to their property to be eligible for the BUS grant. This is not the government's intention.

It is, however, essential that our route to improving access to the scheme does not weaken consumer protections or leave property owners at risk of unexpected bill increases. We consider that the heat pump performance calculation required by Microgeneration Certification Scheme (MCS), which requires installers to inform consumers of the potential running costs with a heat pump, will enable property owners to make an informed choice on whether to proceed with an installation. We consider this to be a vital consumer protection.

MCS have also recently consulted on a number of significant reforms to their scheme which aim to further improve quality and customer protection through improvements in consistency, scheme administration, and a focus on the 'delivered quality' of the installation. This includes establishing a direct contractual relationship between MCS and installers which gives MCS more control over installer performance, a centralised complaints management system, and using data and a risk-based approach to installer performance to identify and resolve problems much more swiftly than is currently the case. We are working closely with MCS on the reform package to ensure that BUS customers are protected and are satisfied with their funded low carbon heat system.

Finally, we will explore how best to ensure consumers can access impartial advice on the benefits of insulating their properties, as well as the financial support that exists to make it

[4] Three months for an ASHP or six months for a GSHP

more affordable for them to do so and thereby improve heat pump performance and the thermal comfort of their home.

For example, ECO4[5] and the Great British Insulation Scheme (GBIS)[6] provide support for those least able to make their home more energy efficient. ECO4 obligates the larger energy suppliers to deliver bill savings for households by installing energy efficiency measures. ECO4, worth £4 billion, is running from 2022-26 and focuses support on low income and vulnerable households living in the least energy efficient homes across Great Britain. GBIS runs alongside ECO4 and is worth £1 billion over three years. It delivers predominantly single insulation measures to achieve annual bill savings for the least efficient homes in the lower council tax bands, and boosts support for the most vulnerable households. In addition, on 18 December, we announced the introduction of a new £400 million energy efficiency grant which will provide funding for insulation measures in all properties in England. This will support properties in undertaking upgrades to be suitable for a heat pump and thus eligible for BUS. The scheme is in early stages of development and more detail will follow in due course.

We want to strike an appropriate balance between ensuring that heat pumps are only installed in suitable properties whilst avoiding imposing any disproportionate requirements on consumers and installers. We therefore intend to empower individual property owners to make an informed choice about what is best for their property, and their personal and financial circumstances, through guidance on the benefits of insulation and the financial support available.

As part of the consumer consent process in the BUS voucher application journey, property owners will be asked to confirm that any recommendations on their EPC have been noted. Landlords will also be required to confirm that they have provided information to tenants on the implications of installing a BUS funded heat pump on their subsequent energy bills. Heat pumps installed in poorly insulated properties could result in bill increases and therefore it is imperative that tenants are consulted.

Only voucher applications properly made following the coming into force date of the regulations will be eligible under the new scheme rules.

[5] Energy Company Obligation (ECO)

[6] Great British Insulation Scheme (GBIS)

Biomass boilers with a cooking function

Consultation proposal

Currently biomass boilers which serve a cooking function are not eligible for support under the Boiler Upgrade Scheme.

We sought views on whether to amend the regulations to allow biomass boilers to be eligible if they have a cooking function, but only if the cooking function is integrated into the whole property heating system and cannot be controlled separately to the heating function.

Question 5: Should we allow biomass boilers with a cooking function provided the cooking function is integrated and cannot be controlled separately to the heating function of the property?

Summary of responses

Question 5 received 205 responses. Of these responses, 90 selected ‘Yes’, 50 selected ‘No’, and 65 respondents did not answer.

Many respondents supported the continued subsidy for biomass boilers, flagging that some rural properties are not suitable for a heat pump and that biomass boilers are then the best option for transitioning away from existing fossil fuel systems. Rural properties that are not connected to the gas grid are usually hard to treat and will burn more polluting fuel such as oil or, in some cases, coal. Some of these rural properties are not appropriate for a heat pump, or the cost of retrofitting the property to be suitable for a heat pump is too high for the property owner.

Many respondents felt biomass boilers with a cooking function were a natural replacement for thousands of inefficient and polluting oil, coal and gas burning ranges such as AGAs and other brands that are currently in many rural homes. As most range cookers such as AGAs are installed in alcoves within a kitchen, respondents argued that biomass boilers with a cooking function could utilise the existing chimney and fit in the same space previously occupied by the AGA unit, thereby avoiding the need for the property owner to carry out expensive and disruptive work to install the biomass boiler, including having to install it in an outbuilding (assuming they have one).

Amongst those who disagreed with the proposal, the majority specifically disagreed with the principle of including biomass boilers under the BUS, rather than opposing allowing biomass boilers with an integrated cooking function, as the specific question on which we sought views. Respondents pointed out that the burning of biomass leads to an increase of harmful air pollutants associated with the burning of wood and has a negative impact on local air quality. Many respondents therefore felt that biomass was not environmentally friendly and will not help to achieve Net Zero. Some respondents also felt that the market for biomass boilers with a cooking function was too niche and that it was inappropriate to support such a small and elite market.

Government response

In line with the government's view that biomass has a targeted role to play in specific circumstances, and the majority view of respondents who answered this question, we intend to allow biomass boilers with a cooking function to be eligible for funding through the BUS. This is, however, strictly on the basis that the cooking function is integrated and cannot be controlled separately to the heating function of the property. In determining that support for biomass boilers should be targeted, the BUS grant level for this technology remains at £5,000.

Heat pumps are suitable for the majority of homes and will play an important strategic role in decarbonising existing properties. However, we want to ensure there is support for properties where heat pumps are not a viable option. To date under the scheme, biomass boilers have accounted for around 1% of total installations.

The installation of biomass boilers through the BUS is, however, subject to very specific criteria. They must be installed in properties located in rural areas with no connection to the gas grid and burn only solid biomass. Installations must also have an emissions certificate which demonstrates the polluting emissions are kept to a minimum. Biomass boilers are only eligible for funding in retrofit projects under the scheme and cannot be installed in eligible new build properties. Finally, in most cases, fuel should be sourced from a supplier listed on the Biomass Suppliers List[7], which ensures it meets sustainability and quality requirements, and should also be 'Ready to Burn', which is a legal requirement for all small volumes of wood sold for domestic use. The emissions certificate for the biomass boiler must contain a list of the types of fuel which can be used so as to ensure that emissions limits are not exceeded.

Only voucher applications for biomass boilers with a cooking function, made following the coming into force date of the regulations, will be eligible under the new scheme rules.

[7] Biomass Suppliers List (BSL)

Commissioning Dates

Currently, any system commissioned after April 2022 is eligible to apply for a Boiler Upgrade Scheme grant given it meets the plant and property eligibility criteria.

To ensure a smooth transition to the new eligibility requirements and a consistent approach for all future applications, we are amending the commissioning date rule. Applications will only be eligible if the system has yet to be installed and commissioned; or if already commissioned, the commissioning date is no more than 120 days prior to the application.

This change will ensure that funding is being paid out for systems which have been installed in line with the most recent scheme regulations and industry standards.

Microgeneration Certification Scheme Reforms

In June 2023, MCS consulted on a series of far-reaching internal and external reforms, restructuring their relationship with consumers, installers, certification bodies, and other organisations. In October, MCS confirmed their intention to proceed with these reforms, which are scheduled to be implemented in 2024.

The reforms aim to further improve quality and customer protection through improvements in consistency, scheme administration, and a focus on the ‘delivered quality’ of the installation as discussed earlier in this document.

We are currently working through the details of the reforms set out in MCS’s own consultation response and the implications for the BUS. We will engage with key stakeholders on any changes to the BUS that are required in response to the redevelopment of MCS.

Boiler Upgrade Scheme Extension

In March 2023, we announced an extension to the BUS from 2025 until April 2028. On 18 December, the government announced £1.5 billion additional funding for the BUS extension over three years (April 2025 – March 2028). This will make BUS funding available to many more properties, bridging the cost gap for property owners and enabling manufacturers to offer attractive financial packages for low carbon heat installations. The funding will not be equally split across the financial years, rather it will be allocated as set out in the table below, subject to business case approval. Budget availability will continue to be published by Ofgem monthly[8].

Financial Year	2025/2026	2026/2027	2027/2028	**Total**
Budget (£m)	295	530	720	1,547

This will also be complemented by additional support for insulation and heat pump ancillary measures through the energy efficiency grant and support under programmes supporting heat pump installations, such as the Local Authority Retrofit Scheme (LARS), Energy Company Obligation (ECO4) and Social Housing Decarbonisation Fund (SHDF).

We did not consult on the scheme extension in this consultation but will monitor the impact of the amendments to the scheme set out in the government response and will engage closely with key stakeholders to identify whether any further amendments would be suitable in light of the scheme extension, and expansion.

[8] Ofgem BUS Monthly Statistics

Next steps

We are grateful to all those who took the time to respond to this consultation.

The government, and Ofgem the scheme administrators, will continue to engage with key stakeholders as we prepare to introduce changes to the Boiler Upgrade Scheme via scheme regulations when parliamentary time allows.

This publication is available from: www.gov.uk/government/consultations/proposed-amendments-to-the-boiler-upgrade-scheme-regulations

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