Department for Energy Security & Net Zero

# Boiler Upgrade Scheme Consultation – Part 1

Stimulating further demand for heat pumps and enhancing consumer protections

# Certification requirements for clean heat schemes Consultation – Part 2

Proposals to require the Microgeneration Certification Scheme (MCS) as the sole certification scheme for UK government clean heat schemes

Closing date: 11 June 2025

April 2025

Any enquiries regarding this publication should be sent to us at:
boilerupgradescheme@energysecurity.gov.uk (Part 1) or cleanheatcertification@energysecurity.gov.uk (Part 2)

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# General information

## Why we are consulting

This consultation is divided into two parts.

Part 1 is designed to invite stakeholders' views on proposed changes to the Boiler Upgrade Scheme (BUS) designed to stimulate further demand and enhance consumer protections.

Part 2 seeks views on proposals to mandate MCS as the sole certification scheme for all DESNZ clean heat schemes and is broader than the BUS.

## Consultation details

**Issued:** 30th April 2025

**Respond by:** 11th June 2025

**Enquiries relating to Part 1 to:** boilerupgradescheme@energysecurity.gov.uk

**Enquiries relating to Part 2 to:** cleanheatcertification@energysecurity.gov.uk

**Consultation reference Part 1:** Boiler Upgrade Scheme

**Consultation reference Part 2:** Certification requirements for clean heat schemes

**Audiences:**

The first part of the consultation will be of particular interest to users of the BUS in addition to stakeholders in the heating and wider energy industry, finance groups representative groups, and those with wider interest in the UK's Net Zero ambitions.

The second part of the consultation will be of interest to consumer protection bodies, as well as those potentially interested in establishing an alternative certification scheme to MCS for any DESNZ clean heat scheme including the BUS, the Energy Company Obligation 4 (ECO4), Warm Homes: Social Housing Fund, and Warm Homes: Local Grant

**Territorial extent:**

The territorial extent of the first part of the Consultation on the BUS is England and Wales. The territorial extent of the second part of the Consultation on certification requirements is England, Wales and Scotland. Note that the proposals in the second part of the Consultation only apply to UK government clean heat schemes.

# How to respond

**Respond online at:** https://energygovuk.citizenspace.com/heat/boiler-upgrade-scheme/

or

**Email Part 1 to:** boilerupgradescheme@energysecurity.gov.uk

**Email Part 2 to:** cleanheatcertification@energysecurity.gov.uk

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

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

# Confidentiality and data protection

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

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

We will process your personal data in accordance with all applicable data protection laws. See our privacy policy.

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

# Quality assurance

This consultation has been carried out in accordance with the government's consultation principles.

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

# Executive Summary

In 2022 the Boiler Upgrade Scheme (BUS) was launched to support the decarbonisation of heat in homes and small non-domestic buildings in England and Wales. To date, the scheme has supported the installation of over 49,000 heat pumps and biomass boilers, amounting to £328 million in grants. However, to remain on track on our path to Net Zero and deliver our Warm Homes Plan which will help people find ways to save money on energy bills, and deliver warmer, cleaner to heat homes, the scheme needs to grow significantly in the coming years.

In this consultation, we are seeking views on whether to allow property owners access to third-party ownership finance products alongside the scheme to support them with upfront installation costs. We are also seeking views on whether to amend the scheme eligibility to allow BUS-funded heat pumps to be installed alongside other low carbon technologies, and potentially expand grant support to technologies not currently supported by the scheme such as air-to-air heat pumps and heat batteries.

We are also seeking views on proposals to enhance consumer protections, including adopting the reforms to the Microgeneration Certification Scheme (MCS), and mandating that installers deduct the grant value upfront rather than reimburse property owners once they have received the grant value from Ofgem.

We wish to hear from property owners and installers, to ensure the scheme can evolve to support more consumers to transition to low-carbon heating while supporting the growth of the heat pump market. We also wish to hear from the finance sector and mortgage lenders, insurance providers, and wider clean heat and energy supply sectors, as well as consumer protection groups.

In addition, we are considering other amendments to the Boiler Upgrade Scheme Regulations designed to streamline Ofgem's administration of the scheme. Further details on these will be set out in the Government Response to this consultation.

The second part of the consultation seeks views on the current certification scheme requirements for government clean heat schemes and the pros and cons of allowing multiple certification schemes versus mandating MCS as the sole certification scheme for all DESNZ clean heat schemes (our preferred option) to ensure there are clear, consistent quality and consumer protections for consumers.

# Introduction

The UK was the first major economy in the world to set a legally binding target to achieve Net Zero greenhouse gas emissions by 2050. As around half of the UK's total annual natural gas consumption is currently used to heat buildings, decarbonising heat is one of the biggest challenges we face in reducing emissions. We have already made significant progress, with emissions from residential buildings falling by 35% between 1990 and 2023[1], however we need to go further. The Government has set out five key missions, including making Britain a clean energy superpower and kickstarting economic growth in order to reach Net Zero, reduce bills and ensure the UK remains at the forefront of the move towards clean energy.

Heat pumps have a critical role to play in decarbonising our home heating: they are a proven technology and have been installed in high numbers in other countries. They provide an efficient and low carbon alternative to existing fossil fuel systems and can reduce household bills. However, at present, the market for low carbon heat in the UK needs to grow significantly and the Government is committed to this through a comprehensive package of measures.

A key plank of this will be the delivery of the Government's ambitious Warm Homes Plan which will transform homes across the country by making them cleaner and cheaper to run. The BUS is the Government's flagship heat pump scheme and forms a key part of the Warm Homes Plan in providing capital grants for air source heat pumps (ASHPs), ground source heat pumps (GSHPs) and biomass boilers. The BUS supports property owners with the upfront installation cost, recognising that this is a barrier to transitioning for many consumers. It promotes high quality installations and robust consumer protection with all installers currently required to be members of MCS or an 'equivalent' certification scheme, and members of a consumer code approved by the Secretary of State.

In addition, the Clean Heat Market Mechanism (CHMM) launched on 1 April 2025 and provides the heating industry with the certainty they need to invest with confidence in accelerating the deployment of heat pumps. By setting rising targets for manufacturers for heat pumps installations as a proportion of gas and oil boiler sales, the mechanism provides an incentive for companies to explore ways to make it easier and more attractive for households to install a heat pump, including through accessing financial support from schemes like the BUS.

We are also supporting the development of the UK's domestic manufacturing capacity to ensure that we benefit economically from the transition to low carbon heating technologies. The Heat Pump Investment Accelerator Competition (HPIAC) will provide up to £30 million in grant funding and on 21 November, we announced that we are investing over £5 million in Ideal Heating as the first award from the HPIAC, kickstarting a homegrown heat pump industry to boost the UK's energy security and support hundreds of low-carbon jobs. We want to bring forward over £110 million of investment in the heat pump supply chain, increasing UK manufacturing by an additional 298,000 heat pumps and 236,000 key components by 2030 and supporting up to 2,100 low carbon jobs.

We are also working closely with industry to ensure that sufficient installers are available to install heat pumps. The £5 million Heat Training Grant is supporting trainees in England taking training relevant to heat pumps and heat networks. So far this has funded training for over

[1] DESNZ 2023 UK greenhouse gas emissions, provisional figures.

5,000 heat pump installers, and this is well in line with HPA estimates for future workforce needs.

In March 2025, we launched the new ‘Warm and Fuzzy’ heat pump marketing campaign to increase the understanding of the benefits of heat pumps, as well as raise awareness of the support available through the BUS to encourage uptake for the scheme in future years. Users will see and hear ads across TV, video-on-demand, radio, online video, digital display and social media channels, and be driven to the campaign website to find out more about heat pump benefits, how they work, financial help and more.

# Part 1: Boiler Upgrade Scheme (BUS) consultation

## Stimulating further demand for the BUS

The scheme has seen considerable growth in demand this financial year and the Government increased funding in 2024/25 by £55 million taking the total budget up to £205 million. On 21 November the Government announced the almost doubling of the budget to £295 million for 2025/26[2]. However, to remain on track on our path to Net Zero and make Great Britain a clean energy superpower, the scheme needs to grow significantly in the coming years, and work in tandem with the CHMM to provide low cost offers for property owners seeking to make the transition to low carbon heat. Budgets for future years of the scheme will be confirmed as part of the Spending Review.

To achieve the further increase in deployment of low carbon technologies needed on the scheme and support economic growth, we want to support a broader pool of consumers to access the BUS beyond the early adopters of low carbon heating. This consultation sets out proposals designed to increase access to the scheme including expanding the scheme to alternative technologies; allowing specific third-party ownership agreements alongside the BUS; and simplifying consumers' heat pump installation journey.

### Expanding System Eligibility under the BUS

#### Multi-technology systems

At present the scheme is designed to focus its support on hydronic heat pumps installed as the sole or main heating appliance, as they can typically meet the entire heat and hot water demand of a property without the need for supplementary heating. However, we recognise the potential benefits to property owners in allowing greater flexibility in the installation of heat pumps alongside other low carbon heating (LCH) technologies.

Since the scheme launched, we have seen considerable growth in innovation in consumer products that combine multiple technologies, such as solar PV powered hot water combined with a heat pump and heat battery storage. We understand that there can be practical benefits to combining heat pumps with other appliances where property constraints render a single integrated heating system to be impractical, for example to heat an outbuilding that cannot be connected to the main heating system.

We want to support property owners to switch to transition to LCH technologies in a way that suits their individual needs, including where a standalone hydronic heat pump may not be a viable option. However, whilst current scheme regulations allow supplementary electric heaters to be retained when incorporated within the hydronic system, in most instances the property cannot have a separate heating system for hot water or space heating. For example, if a heat pump is installed to provide space heat only while a separate LCH appliance provides hot water, the installation is ineligible as the heat pump is not providing both heat and hot water.

[2] DESNZ Press release: Help to save households money and deliver cleaner heat to homes (November 2024)

Therefore, we propose to amend the BUS regulations to allow more installations alongside other low carbon technologies. We propose retaining certain restrictions and requirements to exclude inappropriate installations, such as:

- Excluding hot water only heat pumps from grant funding, as they would leave the property owner reliant on another heating appliance for space heating. A hot water heat pump may be installed alongside a BUS-eligible technology, however only the BUS-eligible technology would be able to receive a grant.
- Requiring that any other heating appliance(s) which provide hot water or space heating must be electric to ensure fossil fuel 'hybrid' appliances and systems remain excluded.
- Requiring that the heat pump must be capable (i.e. have sufficient capacity) of meeting the entire space heat demand of the property to mitigate the risk of undersized heat pump installations where much of the space heat demand is met by another less efficient heating system.
- Requiring that whilst other electric heating appliances would be allowed to be installed or retained alongside the heat pump, the grant could only be used to meet the costs of installing the BUS-eligible technology.

**Question 1: Do you agree with the proposal to amend scheme eligibility criteria to allow more installations of heat pumps in combination with other electric heating appliances? Yes / No. Please provide evidence to support your response.**

**Question 2: Do you have any views on the proposed eligibility criteria that should apply to multi-technology systems? Yes/No. Please provide evidence to support your response.**

## Air-to-air heat pumps

The scheme currently provides targeted support for domestic-scale hydronic (i.e. 'air-to-water') heat pumps as the key strategic technology for decarbonising existing buildings, given the majority of existing UK homes (~89%) have hydronic central heating systems. Under current BUS regulations, heat pumps must be installed to provide both space and hot water heating, using liquid as the medium for delivering that heat. Therefore, air-to-air heat pumps (AAHPs) are not eligible for the scheme.

However, we recognise there may be circumstances where a hydronic heat pump is not the most appropriate solution, for example in space-constrained properties, especially those that do not have hydronic heating systems. Therefore, we are inviting views on the potential expansion of the scheme to provide grants for AAHPs in appropriate circumstances. This could increase choice in the range of heat pumps and potential configurations that are available to consumers.

AAHPs, sometimes referred to as air conditioning units, are air source heat pumps that can deliver heated or cooled air via fan coil 'blower' units placed in rooms, rather than circulating warm water to radiators. Advantages of AAHPs are that they can provide heating, cooling, dehumidification and air filtration. When used for cooling, there is an additional benefit of increased comfort and protection against overheating, which will become increasingly important over time as buildings will be required to adapt to the impacts of climate change. Note that only AAHPs that provide both heating and cooling, or heating only would be in scope for potential support through the BUS (i.e. appliances that provide cooling only would remain excluded).

Most AAHPs cannot provide hot water so an additional hot water heating appliance is typically required. Therefore, we propose to allow installations alongside new or retained electric hot water systems such as hot water cylinders, hot water heat pumps, direct hot water heat batteries, and point-of-use systems, but would exclude installations alongside new or retained fossil fuel heating systems (i.e. fossil fuel 'hybrids').

Current evidence suggests that AAHPs are capable of a similar level of efficiency at space heating as a hydronic heat pump running at a low flow temperature, however, when combined with a separate hot water appliance this can reduce the overall efficiency of the system. We welcome views on how best to ensure minimum standards are met in installations of an AAHP alongside a separate electric hot water appliance.

Under current BUS scheme rules, hydronic heat pumps must have an in-situ seasonal co-efficient of performance (SCOP) of at least 2.8[3], calculated in accordance with the MCS SCOP calculator. We propose that AAHPs would also need to meet MCS design and installation standards for heat pumps to be eligible, as set out in MIS 3005-D and MIS 3005-I, should we support them under the scheme. We recognise that MCS standards and tools may need to be updated to better suit the design and installations requirements of AAHPs. MCS is in the process of reviewing the following standards:

- Heat Pump Design Standard (MIS 3005-D)
- Heat Pump Installation Standard (MIS 3005-I)
- Heat Pump Product Standard (MCS 007)
- SCOP and SSHEE Calculator (MCS 026)
- Heat Pump System Performance Estimate (MCS 031).

We are seeking views on the appropriate eligibility criteria for AAHPs. Appropriate eligibility criteria could include requiring that AAHPs are installed in domestic properties, excluding commercial installations, specifying the kinds of electric hot water heating appliances that may be installed or retained alongside the heat pump, or specifying the kinds of heating systems that are eligible to be replaced with AAHPs (e.g. non-hydronic direct electric heating systems).

We propose to exclude installations in commercial buildings on the basis that there is already a mature market for commercial air conditioning in the UK with approximately 95% of AAHPs currently sold in the UK are to non-domestic buildings[4], and commercial AAHPs are often installed primarily for cooling (e.g. for storage), whereas the BUS aims to fund replacement heating systems.

**Question 3: Should the BUS provide grants to support the installation of air-to-air heat pumps? Yes/No. Please provide evidence to support your response.**

**Question 4: Do you have any views on the eligibility criteria that should apply to air-to-air heat pumps if supported by the scheme? Please provide evidence to support your response.**

[3] We are currently consulting on minimum product standards for heat pumps and will in parallel review the minimum in-situ SCOP applied on the BUS both for air-to-water heat pumps and AAHPs.
[4] AECOM, Delta-EE & University of Exeter, Cooling in the UK, Department for Energy Security and Net Zero, London, 2021.

The Government is currently carrying out research into the performance, suitability and system design combinations of AAHPs in the UK housing stock, which will help inform the evidence base and potential eligibility criteria. This research is due to conclude later this year. We welcome further evidence on the performance and suitability of AAHPs from respondents.

There has been innovation in the AAHP market in recent years where some models are able to provide both space heating as well as providing a hot water heating function. These systems would have the ability to provide the full space and hot water heating for the property. However, the majority of AAHPs currently available on the UK market provide space heating and cooling only. We welcome views on how to support further product innovation and incentivise AAHPs that can provide both heat and hot water to help support this market to grow, such as differing eligibility criteria relative to space heat only products.

**Question 5: Do you have any views on the advantages of certain types of AAHPs that could be supported by the scheme, such as products that provide both space heat and hot water? Please provide evidence to support your response.**

We recognise that AAHPs can be considerably cheaper to install than hydronic heat pumps as both the appliance and installation costs can be considerably less, particularly in smaller properties. Therefore, we propose creating a separate grant category for AAHPs with a grant value that is lower than the grants provided for hydronic heat pumps.

Retrofitting AAHPs in homes with an existing hydronic heating system would require the additional cost of removing that system. For this reason, we expect that AAHP installations would primarily take place in small homes (e.g. flats) that are currently reliant on direct electric heating systems. For this type of building, we have reviewed the available data on the costs of installing domestic-scale AAHP appliances including both hardware and labour costs, to estimate an appropriate grant level. We excluded the cost of installing a separate hot water heating system to ensure consistency with existing BUS eligibility criteria where other low carbon technologies may be installed or retained alongside the heat pump, although the grant can only be used to meet the cost of installing the BUS-eligible technology. However, we recognise that the installation of a separate hot water heating appliance would be an additional cost in properties where there is not a retained hot water heating appliance.

Based on internal DESNZ analysis we estimate that the typical cost of installing an AAHP to deliver space heating in a flat[5] to be approximately £3,900, including hardware costs and labour. The cost of installing panel heaters or storage heaters in flats would be £2,200 and £3,300 respectively. Therefore, the additional cost of installing an AAHP, relative to typical alternatives in properties without hydronic heating systems, ranges from £600-£1,700 in smaller homes. The cost of installing a separate point-of-use hot water heating appliance is assumed to be £1,900, however, we would not expect this cost to be additional, relative to the counterfactual, where a similar electric hot water appliance would be retained or installed alongside panel heaters or storage heaters.

Based on the above assumptions, we believe that on average a grant level of £1,000 would fund the additional cost of installing an AAHP relative to installing panel or storage heaters, whereas a grant level of £2,000 would fund over half of the total cost of a typical installation in smaller properties. We expect that a grant of £1,000 or £2,000 would maintain the incentive to

[5] Our analysis assumes that the capital cost and annual operating cost for a heating system installed in a 2-3 bedroom flat is equivalent to one installed in a small mid-terraced house.

choose a hydronic heat pump in properties that have wet heating systems. We welcome views from respondents on the appropriate grant level should we include AAHP under the scheme.

**Question 6: Do you have views on the appropriate grant level to support the installation of air-to-air heat pumps? Yes/No. Please provide evidence to support your response.**

**Question 7: Should the cost of an integrated or separate electric hot water heating appliance be included in determining an appropriate grant level? Yes/No. Please provide evidence to support your response.**

**Question 8: Do you have views on a reasonable level of AAHP deployment on the BUS if a £1,000 or £2,000 grant was offered? Please provide evidence to support your response.**

**Question 9: Do you have views on other barriers (i.e. non-cost related) to installing air-to-air heat pumps? Please provide evidence to support your response.**

## Electric heating technologies

We expect most properties will ultimately switch to heat pumps, as these are a proven technology and have been installed in high numbers in other countries. However, we recognise that for a small number of homes, a heat pump may not be cost-effective, and alternative options will be required to keep us on track to reach Net Zero by 2050.

Through previous consultations, the Department has been encouraged to consider expanding the BUS to provide grants to support the installation of other electric heating technologies, to provide greater choice for consumers and to take advantage of specific product features.

Electric heating technologies is a broad category that includes central heating appliances like electric boilers and heat batteries, and space heating appliances like storage heaters and infrared panels. These appliances vary in efficiency and cost to consumers, but they typically have lower installation costs and higher running costs relative to heat pumps.

Electric heating technologies can reduce carbon emissions over time as more renewable sources like wind and solar power are connected to the electricity grid, replacing fossil fuels. However, their efficiency is typically over three times lower than that of a heat pump, as they convert electricity directly into heat (rather than drawing energy from the air or the ground), meaning that their impact on the electricity grid, and sensitivity to electricity price increases is potentially much greater than heat pumps. Although grid constraints can be mitigated to some extent through energy storage solutions and charging during off-peak times.

Heat batteries are a promising technology due to their ability to take advantage of time-of-use electricity tariffs, charging at off-peak times to minimise costs along with their ability to be installed as a like-for-like replacement for many boilers. However, their running costs and impact on the electricity grid are highly contingent on correctly sizing the heat battery for the property, their charging patterns, and the availability of suitable tariffs in the market.

An MCS working group has been established to create a new MCS standard for the installation of heat batteries. This is to ensure that any heat batteries installed as part of Government grant schemes provide optimal outcomes for consumers, including having adequate storage size to meet space heating and hot water demand without drawing from the grid at peak times.

The Government is currently carrying out research into the performance of heat batteries in the UK housing stock as part of the Homes for Net Zero research project. This research is due to conclude later this year. We welcome evidence on the performance and suitability of heat batteries and other electric heating technologies from respondents.

**Question 10: Do you have any views on whether government should provide grants to support the installation of electric heating technologies that are not heat pumps (e.g. heat batteries)? Yes/No. Please provide evidence to support your response.**

**Question 11: What eligibility criteria should apply to other electric heating technologies? Please provide evidence to support your response.**

**Question 12: Do you have views on the appropriate grant levels to support the installation of other electric heating technologies (e.g. heat batteries) if supported by the scheme? Please provide evidence to support your response.**

## Allowing Third-Party Ownership agreements under the BUS

As part of the Warm Homes Plan, the Government is working with the private sector, including banks and building societies, to improve private financing options to accelerate home upgrades and low carbon heating. The Government is exploring several green financing models, including the option of low-interest loans which could help finance the additional costs of heat pumps, in partnership with the BUS, to support more households to transition to low carbon heating.

Property owners can already access personal loans alongside the BUS to support them with upfront installation costs beyond the grant offer, but they cannot access third-party ownership products because the BUS regulations require the property owner to own the system once installed.

The BUS Evaluation Interim Report[6] revealed that 69% of surveyed BUS property owners used savings / investments or regular income to pay for their installation. Property owners without sufficient personal savings to cover the remaining costs may consequently be unable to afford the installation. Some property owners, particularly those on low and middle incomes, are therefore still unable to access the BUS.

We therefore want to allow other innovative finance products to be offered alongside the BUS to open up the scheme to more property owners, by giving them greater choice as to how they meet upfront installation costs for hydronic heat pumps. This includes allowing third-party ownership agreements to be accessed alongside the BUS as they can help minimise upfront costs for homeowners, making heat pump adoption more accessible for households.

We propose to remove the BUS requirement for the property owner to own the system on installation, to support more property owners to transition away from fossil fuel heating in a way that works best for them. In particular, third-party ownership agreements have the potential to improve customer outcomes as the providers would be responsible for ensuring the equipment functions efficiently and to replace the plant if issues occur.

When considering becoming involved in the heat pump market, potential third-party ownership providers are likely to want to access the BUS to reduce the cost in relation to their service offering, thereby helping them to bring competitive offers to the market.

[6] BUS Evaluation Interim Report (January 2025)

Our ambition is to enable the growth of private financing options to help make low carbon heat a viable choice for more properties, and over time reduce the dependence on public spending. Allowing third-party ownership agreements alongside the BUS would enable scheme recipients to access hire purchase or conditional sale agreements (with the option to combine this with an energy tariff) or consumer hire agreements (also known as leasing). Each provide their own potential benefits for consumers and providers, but they also have different implications for consumer protection. We would therefore welcome views on the consumer protections needed if these agreements are allowed alongside the BUS.

Whilst we intend to allow third-party ownership agreements to support property owners installing a hydronic heat pump under the BUS, we do not intend to allow these agreements to be used for the installation of other eligible technologies – for example, biomass boilers or technologies the scheme may support in future.

## Hire-purchase or conditional sale agreement

These agreements alongside the BUS would allow the consumer to pay for their low carbon heating system in instalments. Hire purchase agreements would give the consumer the option to own the hydronic heat pump system at the end of the agreement, typically requiring an additional payment, whereas with the conditional sale agreement model, the consumer would automatically own the system once they have made their final payment.

Regulated hire purchase and conditional sale agreements are regulated credit agreements, and it is likely that many of the models that would be offered alongside the BUS would be regulated agreements. As such, property owners entering into one of these third-party ownership agreements could be expected to benefit from a range of protections under Financial Conduct Authority (FCA) regulations and the Consumer Credit Act 1974 (CCA).

Under the CCA, third-party ownership providers would be required to provide extensive pre-contractual information and post-contractual information, and consumers would benefit from key rights and protections such as on cancellation and early termination of contracts. Businesses offering such agreements would need to be authorised and regulated by the FCA and hold the relevant FCA permission for undertaking such activity. Consumers would also be able to escalate a complaint to the Financial Ombudsman Service. Under FCA rules, firms would also be required to carry out appropriate affordability assessments, deliver good outcomes for consumers under the FCA's Consumer Duty, and would be subject to FCA rules on the treatment of borrowers in financial difficulty.

**Question 13: Do you agree that hire-purchase and conditional sale agreements should be permitted alongside the BUS? Yes/No. Please provide evidence to support your response.**

## Hire-purchase or conditional sale agreement combined with energy tariff billed in kilowatt hours (kWh)

This model would allow hire-purchase or conditional sale agreements to be bundled with an energy tariff alongside the BUS. Whilst these must constitute two separate contracts to enable the consumer to switch provider or tariff should they wish without losing their heating system, the provider could bundle them together into one monthly payment to simplify the consumer experience. We propose that the energy tariff must be billed in kWh to ensure property owners are able to more easily understand the price comparison between this model of paying for their heat pump and heating, versus other models.

We consider that hire-purchase / conditional sale 'plus' agreements would adhere to the consumer protection afforded by a hire purchase / conditional sale agreement in respect of the heat pump installation and that Ofgem licensing conditions would apply in respect of the energy tariff. This would include the ability to switch to a different tariff or energy supplier but still retain the heating system.

**Question 14: Do you agree that hire-purchase / conditional sale 'plus' agreements combined with an energy tariff billed in kWh should be permitted alongside the BUS? Yes/No. Please provide evidence to support your response.**

## Consumer hire agreement

Consumer hire agreements (often referred to as leasing) differ from hire-purchase and conditional sale agreements in that the consumer never owns the low carbon heating system, instead they lease the equipment for a specific period of time set out in the contract. At the end of that contract the property owner will need to either enter another agreement to continue leasing the equipment or replace it. The consumer pays a regular leasing fee (usually monthly) for the equipment rather than making a one-off upfront payment.

Where a hire agreement is capable of lasting longer than 3 months, it is a regulated activity and covered by the CCA. Despite both hire-purchase and consumer hire agreements being covered by the CCA, the approach to regulation, in particular rights and protections, for consumer credit and consumer hire is different, with the latter subject to fewer requirements under both the CCA and FCA rules. For example, the statutory right to terminate a consumer hire agreement under section 101 of the CCA does not apply until 18 months following entry into the agreement (for agreements where annual repayments do not exceed £1,500, above this amount this is no statutory tight to terminate), whereas for hire purchase agreements there is no such time-in agreement requirement (although a consumer remains liable for 50% of the total price of the agreement as well as any arrears due at the time they exercise such rights). Another example is that the FCA's creditworthiness rules do not apply to consumer hire.

**Question 15: Should consumer hire agreements be permitted alongside the BUS? Yes/No. Please provide evidence to support your response.**

**Question 16: Do you have any views on the level of demand for i) hire-purchase and conditional sale agreements and ii) consumer hire agreements alongside the BUS among different consumer groups? Please provide evidence to support your response.**

## Heat as a service agreement

'Heat as a service' agreements involve paying for "heat" with the installation of the low carbon heating system included in the price. Essentially the property owner pays a monthly fee linked to the amount of heat produced by the heating system rather than the energy consumed, which may either be per unit of warmth produced or to maintain a property at an agreed temperature. That monthly fee typically includes the cost of the heating system, a maintenance package and an energy tariff. The provider owns the low carbon heating system throughout the term of the contract, and there is typically no option for the property owner to own the low carbon heating system at any stage, including at the end of the contract.

As 'heat as a service' models are a new and innovative way of paying for heating, it is not clear that industry is ready to offer such agreements. Any third-party ownership provider considering offering a heat as a service contract would need to ensure they comply with Ofgem's standard licencing conditions and any other relevant legislation.

We are not considering allowing heat as a service models alongside the BUS at this stage but will keep their longer-term role under review.

**Question 17: Do you have any views on what industry and government would need to do to enable 'heat as a service' models to be offered alongside the BUS in the future? Please provide evidence to support your response**.

## Proposed requirements on third-party ownership providers accessing BUS

We propose that all third-party ownership providers who wish to access the BUS must comply with rigorous requirements to ensure high quality installations and that sufficient consumer protections are in place.

We expect the property owner to make an agreement with a single company, the third-party ownership provider (referred to as 'provider' hereafter), that will own, provide, and install the hydronic heat pump equipment. We therefore envisage that it will primarily be large heat pump installation companies who are likely to come forward to provide third-party ownership agreements alongside the BUS.

We propose that providers must be, or become, an MCS certified company. This is to ensure that installations provided through the BUS continue to meet the highest quality and property owners benefit from consumer protections in relation to their product, installation and the service received from their installer.

To ensure that consumers benefit from robust financial protections we are considering mandating that providers can only offer third-party ownership agreements on the scheme if, in doing so, they are carrying out an FCA regulated activity of entering into a credit agreement as a lender and are therefore FCA authorised for the product/s they are offering.

In practice, any business offering regulated hire-purchase, conditional sale or hire agreements would need to be FCA authorised. Alternatively, for regulated hire agreements, and hire-purchase/conditional sale agreements where the credit is free of interest and any other charges, the business would need to become an Appointed Representative of an FCA-authorised Principal with the appropriate permissions and comply with the CCA. Otherwise, they would be committing a criminal offence and the agreements would become unenforceable. This would provide assurance that providers comply with the CCA, provide consumer protection under the FCA consumer duty and adhere to a strong consumer complaints and redress process.

However, if the only regulated activity a provider is carrying out is consumer hire, then this would fall under the limited permissions regime[7].

To ensure that providers offering third-party ownership agreements under the BUS have the necessary FCA authorisation, we propose that they must register with Ofgem as a third-party ownership provider. In addition, we propose that they must provide evidence that they are authorised by the FCA and hold the relevant permissions for the regulated credit products they are providing, or where they are able to be so, an Appointed Representative.

**Question 18: Do you agree that third-party ownership providers wishing to access the BUS should be restricted to MCS certified companies? Yes/No. Please provide evidence to support your response.**

[7] https://www.handbook.fca.org.uk/handbook/glossary/G3178.html

**Question 19: Do you agree that third-party ownership providers wishing to access the BUS must be carrying out an activity regulated by the FCA and therefore be FCA authorised? Yes/No. Please provide evidence to support your response.**

**Question 20: Do you agree that third-party ownership providers wishing to access the BUS must register with Ofgem and provide proof of FCA authorisation? Yes/No. Please provide evidence to support your response.**

**Question 21: Are third-party providers wishing to access the BUS likely to operate as FCA authorised brokers or lenders, or both? Please provide evidence to support your response.**

**Question 22: Are there any additional conditions beyond FCA authorisation and MCS certification that should be required for a third-party ownership provider wishing to access the BUS? Yes/No. Please provide evidence to support your response.**

## Lessons learned from previous government environmental schemes

We recognise that on previous occasions where government green home improvement schemes have interacted with third-party ownership agreements, there has been consumer detriment. Through this consultation, our aim is to build on the lessons we have learned and ensure property owners understand the terms to which they are agreeing as well as the framework in place for support and redress if necessary. For example, we have identified the following lessons:

- Mis-selling of contracts and exaggeration of the benefits and savings provided by a contract.
- Marketing not being fair and/or there not being a link between those making claims and those providing redress.
- MCS and Consumer Codes having no enforcement powers against actions that did not breach their rules and were outside of their scope. This impeded consumers' ability to gain redress if something went wrong.
- Providers passing on (selling) a contract to another company who sit outside the consumer protection envelope (e.g. not MCS certified or a member of a Consumer Code).
- Contract conditions were not tied to eligibility on the relevant schemes and therefore there was an inability to sanction installers.
- The type of model and contract impacting consumer protections available under existing frameworks. For example, landlord and tenant relationships may not be covered by some existing Ofgem scheme eligibility criteria.
- Lack of clarity on costs for consumers, preventing informed decisions as to whether the work was affordable.
- Bundling of contracts for energy or services and goods obscuring costs for consumers.
- Companies potentially removing the heat pump if payment not made, leaving the consumer without a heating system.
- Companies altered contracts without consumers knowledge.

- Legal complications of someone owning a heating system within your property. e.g. difficulties when selling, when needing to renovate property or when the property owner dies.
- Need for clarity over ability to buy out of a contract and ability for consumer to exit the contract without penalty, to avoid them being locked into long contracts.

There are a range of consumer protections that already apply, which will help address some of these issues. However, the regulatory framework is complex and the consumer protections available depend on the type of agreement. Some of the key legal and regulatory protections that may apply include:

- Clear, fair and not misleading communications including marketing promotions[8]. These help ensure consumers are not subject to unfair marketing practices.
- Requirements for minimum information to be included in the pre-contract information provided to consumers, further reinforcing the information that must be provided.
- The FCA Consumer Duty requires providers to act in good faith, avoid causing foreseeable harm to consumers and proactively deliver good consumer outcomes, ensuring they have the right culture and governance in place to achieve this.
- For some agreements, providers are required to undertake a reasonable assessment of the creditworthiness of a customer before lending.
- Ofgem's licensing conditions encourage suppliers to act in a way designed to encourage domestic customers to consider switching tariff or supplier.
- Section 82 of the CCA sets out requirements where there is a unilateral or agreed variation of the contract.[9]
- Various legislative requirements often apply when providers are varying terms and conditions, which may require notice and allow customers to terminate the agreement if they do not agree to the changes.
- Some products have a legal right to voluntary termination which enables customers to terminate the agreement before the final payment is due, but customers must pay or have paid at least 50% of the total price (including installation costs where specified) as well as any arrears due. Some agreement types may not have a statutory right to terminate.
- Where goods can be repossessed, providers are often required to send certain notices to consumers beforehand and offer forbearance to those in financial difficulty. Certain agreements may require providers to obtain a court order to repossess goods in some circumstances.
- The FCA's Handbook includes rules relating to redress for consumers. The Financial Ombudsman Service operates a scheme to resolve disputes, independently and impartially, as an alternative to the civil courts. Consumers may have a private right of action where a provider has breached an FCA rule and where the consumer has suffered loss[10]. The FCA can also take supervisory and/or enforcement action against

[8] https://www.handbook.fca.org.uk/handbook/CONC/3/?view=chapter
[9] Section 82 CCA deals with variations of agreements. https://www.legislation.gov.uk/ukpga/1974/39/section/82
[10] https://www.legislation.gov.uk/ukpga/2000/8/section/138D

authorised providers where there is evidence of wrongdoing and can issue fines or require them to provide redress.

The Government remains committed to reform of the CCA. While it was well designed for its time, successive updates over time have created a complex and sometimes confusing regime. HM Treasury intends to publish a consultation paper setting out its proposals on CCA Reform in due course. The aim is to bring forward a simpler, more agile regime that puts consumers at its heart.

Where a provider wishes to offer a third-party ownership agreement alongside the BUS, we propose that the following must apply to protect consumers:

- The provider must offer a FCA regulated product, be FCA authorised and hold the relevant permission for the product they are offering. Firms offering regulated products need to be FCA authorised for the relevant activity in any case, but we think that making this a condition of the scheme will provide extra certainty and reassurance.
- The provider must also be MCS certified. They will be required to provide evidence of both to Ofgem.
- The provider is prohibited from repossessing or remotely decommissioning the system in the event that the property owner defaults on their payments. Providers should instead send certain notices to consumers and offer forbearance to those in financial difficulty.
- The provider must provide a clear, simple and easy-to-understand summary of the contract which summarises key information including:
    - The costed options of purchasing the system outright versus costs under third-party ownership.
    - The duration of the contract and any potential changes to the price over the lifetime of the contract.
    - That the provider is responsible for maintenance of the system and keeping it in good working order and must be clear what is included under the maintenance contract.
    - Procedures to be followed should either parties' situation change or should they wish to vary the agreement or exit early. For example, if the property owner wishes to carry out building work or sell their property during the term of their contract. Customers must have the right to terminate the agreement if they do not agree to changes introduced by the provider.
- Communications about third-party ownership agreements including marketing promotions must be clear, fair and not misleading to ensure consumers can make an informed decision about whether to enter into an agreement.
- Providers must undertake a reasonable assessment of the creditworthiness of a customer before lending, where they are currently required to do so under FCA rules.
- As is the case for any regulated agreement, the FCA will be able to take supervisory and/or enforcement action against authorised providers where there is evidence of wrongdoing and can issue fines or require them to provide redress.

**Question 23: Do you agree that the minimum requirements outlined above should apply where a third-party ownership agreement is delivered alongside the BUS? Yes/No. Please provide evidence to support your response including whether there are any additional requirements that should apply, or any proposed requirements that are not appropriate.**

**Question 24: Do you agree that third-party ownership providers operating under the BUS should not be able to repossess or remotely decommission a heating system? Yes/No. Please provide evidence to support your response including any potential unintended consequences for the provider and consumer.**

**Question 25: Should there be a maximum term for eligible third-party ownership agreements delivered alongside the BUS? For example, restricting contract length to the average life span of a heat pump. Yes/No. Please provide evidence to support your response.**

**Question 26: Should third-party ownership agreements delivered alongside the BUS adhere to standard clauses or a model contract setting out the minimum requirements to ensure that consumers are not subject to unfair clauses? Yes/No. Please provide evidence to support your response.**

**Question 27: Would the utilisation of standard clauses or a model contract delivered alongside the BUS cause any difficulties for integrated contracts that include packages of technologies e.g. heat pump and solar panels. Yes/No. Please provide evidence to support your response.**

## Simplifying the heat pump installation journey under the BUS

We consider that our proposals for permitting third-party ownership models and allowing certain alternative technologies under the scheme will boost demand for the BUS. Separately we are also working with Ofgem and industry to speed up the process of connecting to the electricity network. This includes Ofgem's end-to-end review of the regulatory framework governing connections, supporting innovation across the customer journey, and investing up to £42 million in the Heat Pump Ready (HPR) innovation programme to overcome barriers to heat pump deployment and support innovation in product design.

We also announced in November last year that we will be reforming air source heat pump permitted development rights in England, including removing the 1-metre rule. This will allow more households to install an air source heat pump without having to apply for planning permission.

However, we recognise that there is scope to go further to streamline the consumer journey, making the installation of a low carbon heating system as simple, quick and affordable as possible, and more comparable to the process of replacing a gas boiler, for example. We would welcome views on whether the requirement for a valid Energy Performance Certificate (EPC) to access the scheme or other scheme eligibility requirements, are avoidable hurdles in the installation journey that deter consumers.

We would therefore welcome views on how we can further simplify the installation process for consumers, including those installing heat pumps under the BUS.

**Question 28: Are there additional ways in which we can simplify the heat pump installation process to further improve access to the scheme? Please provide evidence to support your response.**

# Enhancing consumer protections under the BUS

## Implications of Microgeneration Certification Scheme (MCS) reforms on the BUS

In June 2023, MCS consulted on significant reforms aimed at improving quality and consumer protection. These reforms will restructure MCS's relationship with consumers, installers, certification bodies, and other organisations. One key change is the removal of the requirement for contractors to be members of a Chartered Trading Standards Institute (CTSI) approved consumer code.

Instead, MCS have introduced their own 'Customer Commitment,'[11] and will assume responsibility for consumer protection on their scheme. This change aims to provide a single point of contact for consumers who wish to escalate a complaint, along with a single Alternative Dispute Provider (ADR) if needed.[12]

While the full transition to the new MCS will take place throughout 2025 and into 2026 with a rolling transition, MCS have already published their new scheme documents and have increased business capacity to further support customers.

The Secretary of State must approve one or more code of practice for the purpose of consumer protection on the BUS. Currently there are two approved consumer codes; the Home Insulation & Energy Systems Quality Assured Contractors Scheme (HIES), and the Renewable Energy Consumer Code (RECC). Both schemes are approved by the CTSI. We believe that there are benefits to consumers and installers of simplifying the consumer protection landscape and providing a single point of contact for consumers as targeted through the MCS reform package.

MCS have worked closely with industry, consumer bodies and DESNZ in the development of the reforms and have mapped out robust standards and procedures for supporting customers. We are closely monitoring the introduction of these new functions for assurance on the new approach to consumer protection.

Once these are fully introduced, and assessed, we will consider adding the MCS Customer Commitment as an approved code of practice for the purpose of consumer protection on the BUS, alongside HIES and RECC.

**Question 29: Do you agree with the approval of the MCS Customer Commitment as a code of practice for the purpose of consumer protection on the BUS? Yes/No. Please provide evidence to support your response.**

**Question 30: Are there additional measures the Department and Ofgem could implement to enhance consumer protection under the BUS? Yes/No. Please provide evidence to support your response.**

[11] https://mcscertified.com/wp-content/uploads/2025/02/MCS-Customer-Commitment-issue-1.0-Jan-2025.pdf
[12] https://mcscertified.com/redeveloped-installer-scheme/

## Grant Payments under the BUS

The BUS is designed to incentivise and increase the deployment of heat pumps by supporting the upfront capital costs. The BUS Evaluation Interim Report[13] found that the availability of the BUS grant was the most common trigger for properties switching to a heat pump when they did, and over half (55%) would have been unlikely to have installed a low carbon heat system without it. To streamline the BUS consumer journey, the scheme is installer led, and payments are made to the installer, however the policy intent remains that installers discount the value of the grant from the outset rather than refunding the property owner following payment from Ofgem.

In accordance with this approach, Ofgem's guidance states: 'We expect installers to discount the value of the grant from the total cost paid by the property owner and include this in their quote.' However, evidence from the BUS Evaluation Interim Report[14] indicates in approximately 21% of cases, installers are not discounting the grant from the total cost to be paid and are instead requesting full payment, followed by reimbursement of the grant amount only when the installer has received the grant themselves.

A requirement to pay the full cost and await reimbursement may dissuade some property owners from proceeding with the BUS due to the extra initial cost. Additionally, installers not deducting the grant upfront carries increased risks for consumers, in particular where an installer goes into liquidation and cannot reimburse the grant payment. Therefore, we are seeking views on whether we require installers to deduct the grant amount from the upfront cost of the eligible plant.

We have been made aware by some installers that self-build projects and multi-measure retrofits, where the heat pump is installed as part of wider property refurbishments, pose a significant cash flow challenge due to the timeframes between system installation and completion of building work. For a BUS voucher to be redeemed, the full system must be installed and commissioned, including the emitters, and a MCS certificate must be generated. We are working closely with MCS and Ofgem to resolve this issue, to ensure that an upfront discount model is viable for installers.

**Question 31: Do you agree with the proposal to require installers to deduct the grant amount from the upfront costs of the eligible plant? Yes/No. Please provide evidence to support your response.**

[13] BUS Evaluation Interim Report (January 2025)
[14] BUS Evaluation Interim Report (2025)

# Part 2: Certification requirements for clean heat schemes consultation

## Proposals to require the Microgeneration Certification Scheme (MCS) as the sole certification scheme for UK government clean heat schemes

The Government is committed to providing robust consumer protections through all its schemes and, in light of recent action against poor quality installations in the insulation sector, is considering changes to the home upgrade and low carbon heat standards and consumer protections landscape to ensure that consistent quality and controls are applied.[15]

Ahead of the implementation of any wider reforms, the Government is proposing to mandate MCS as the sole certification scheme for government cleat heat schemes, and to remove the option for multiple certification schemes for clean heat measures.

For the purpose of this consultation, clean heat schemes are those that support the installation of low-carbon heating appliances, principally heat pumps. This includes the Boiler Upgrade Scheme, the Warm Homes: Social Housing Fund, the Warm Homes: Local Grant and the Energy Company Obligation. The Government will be consulting on the Clean Heat Market Mechanism separately and further detail on that scheme will be provided shortly.

MCS produces product and installation standards, and runs an installer certification scheme. For an installation to be eligible for a government clean heat scheme, it must be installed using a MCS approved product, by a MCS certified installer, to the relevant MCS installation standard for that technology. This is to ensure that the products installed are safe and high-quality, that the installation has been conducted by a competent installer in accordance with Building Regulations, and with strong consumer protections in place should there be problems with the installation.

The regulations and guidance for clean heat schemes currently recognise that an equivalent scheme to MCS could also be accepted to certify installers, products and installations, although requirements are not uniform across the schemes.

The Government is concerned that permitting multiple certification schemes for clean heat measures would add unnecessary, further complexity to an already complex consumer protections landscape[16],[17], with different installation standards, levels of consumer protection, and routes to redress. There is also a significant risk that allowing multiple certification schemes to certify clean heat installations will increase delivery complexity and potentially impede successful implementation of schemes. At present, MCS is the only certification scheme that is accepted for clean heat measures. We propose removing the option for other schemes to be recognised as ‘equivalent’ for government clean heat schemes in advance of considering more wide-ranging system reforms to enhance consumer protection. Where

[15] https://www.gov.uk/government/news/action-taken-to-protect-households-with-poor-quality-insulation
[16] CMA Consumer protection in the green heating and insulation sector (May 2023)
[17] Hitting a wall: Protecting consumers who install net zero technologies (October 2024)

necessary this will be by removing the concept of equivalence from regulations, memoranda of understanding, Grant Funding Agreements and guidance from the following schemes:

- Boiler Upgrade Scheme;
- Warm Homes: Social Housing Fund;
- Warm Homes: Local Grant;
- Energy Company Obligation 4 (ECO4).

Regarding ECO4, this would involve removing references to equivalent schemes to MCS in the ECO4 Order as they relate to innovation measures, data light measures and standard alternative methodology measures.

Note that the role of MCS in relation to microgeneration technologies that are eligible under these schemes, such as solar photovoltaic and battery storage, is not included in the scope of this consultation. They may however fall within the scope of any wider reforms of the consumer protection landscape.

**Question 1: What are your views on the current position in relation to the Boiler Upgrade Scheme, the Warm Homes: Social Housing Fund and the Warm Homes: Local Grant i.e., allowing for MCS or equivalent in relation to certification of clean heat products, installers and installations? Please make clear in your response if your views apply across all schemes, or refer to a specific scheme/schemes.**

**Question 2: What are your views on the current position in relation to the Energy Company Obligation which allows for MCS or equivalent in relation to certification of clean heat products for innovation measures, data light measures and standard alternative methodology measures?**

**Question 3: What are your views on the advantages that would stem from a sole certification scheme for clean heat measures?**

**Question 4: What are your views on the advantages that would stem from a certification system which may include multiple certification schemes for clean heat measures?**

**Question 5: Do you agree with the proposal to mandate MCS as the sole certification scheme for clean heat installations under government clean heat schemes and remove the option for equivalence? Yes/No. Please provide evidence to support your response.**

# Next Steps

We will carefully consider consultation responses and publish the Government Response in due course.

This consultation is part of our commitment to implement an ambitious Warm Homes Plan, which will upgrade millions of homes across the country, making them warmer and cheaper to run, by installing new insulation and rolling out low carbon heating such as solar and heat pumps. As a first step, the Government have committed an initial £3.4 billion over the next three years towards upgrading homes. We have already rolled out our Warm Homes: Local Grant, and our Warm Homes: Social Housing Fund. We will set out more details of our Warm Homes Plan in due course.

DESNZ and Ofgem keep the BUS administration under review to ensure all scheme eligibility criteria and procedures are well understood, and work for property owners and installers. Ofgem continues to implement upgrades to the digital platform to improve the user experience and to improve operational efficiency, and will engage stakeholders as they prepare to implement the scheme amendments.

# Consultation questions

**Part 1:**

**Question 1: Do you agree with the proposal to amend scheme eligibility criteria to allow more installations of heat pumps in combination with other electric heating appliances? Yes / No. Please provide evidence to support your response.**

**Question 2: Do you have any views on the proposed eligibility criteria that should apply to multi-technology systems? Yes/No. Please provide evidence to support your response.**

**Question 3: Should the BUS provide grants to support the installation of air-to-air heat pumps? Yes/No. Please provide evidence to support your response.**

**Question 4: Do you have any views on the eligibility criteria that should apply to air-to-air heat pumps if supported by the scheme? Please provide evidence to support your response.**

**Question 5: Do you have any views on the advantages of certain types of air-to-air heat pumps that could be supported by the scheme, such as products that provide both space heat and hot water? Please provide evidence to support your response.**

**Question 6: Do you have views on the appropriate grant level to support the installation of air-to-air heat pumps? Yes/No. Please provide evidence to support your response.**

**Question 7: Should the cost of an integrated or separate electric hot water heating appliance be included in determining an appropriate grant level? Yes/No. Please provide evidence to support your response.**

**Question 8: Do you have views on a reasonable level of air-to-air heat pump deployment on the BUS if a £1,000 or £2,000 grant was offered? Please provide evidence to support your response.**

**Question 9: Do you have views on other barriers (i.e. non-cost related) to installing air-to-air heat pumps? Please provide evidence to support your response.**

**Question 10: Do you have any views on whether government should provide grants to support the installation of electric heating technologies that are not heat pumps (e.g. heat batteries)? Yes/No. Please provide evidence to support your response.**

**Question 11: What eligibility criteria should apply to other electric heating technologies? Please provide evidence to support your response.**

**Question 12: Do you have views on the appropriate grant levels to support the installation of other electric heating technologies (e.g. heat batteries) if supported by the scheme? Please provide evidence to support your response.**

**Question 13: Do you agree that hire-purchase and conditional sale agreements should be permitted alongside the BUS? Yes/No. Please provide evidence to support your response.**

**Question 14: Do you agree that hire-purchase / conditional sale 'plus' agreements combined with an energy tariff billed in kWh should be permitted alongside the BUS? Yes/No. Please provide evidence to support your response.**

**Question 15: Should consumer hire agreements be permitted alongside the BUS? Yes/No. Please provide evidence to support your response.**

**Question 16: Do you have any views on the level of demand for i) hire-purchase and conditional sale agreements and ii) consumer hire agreements alongside the BUS among different consumer groups? Please provide evidence to support your response.**

**Question 17: Do you have any views on what industry and government would need to do to enable 'heat as a service' models to be offered alongside the BUS in the future? Please provide evidence to support your response**.

**Question 18: Do you agree that third-party ownership providers wishing to access the BUS should be restricted to MCS certified companies? Yes/No. Please provide evidence to support your response.**

**Question 19: Do you agree that third-party ownership providers wishing to access the BUS must be carrying out an activity regulated by the FCA and therefore be FCA authorised? Yes/No. Please provide evidence to support your response.**

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**Question 21: Are third-party providers wishing to access the BUS likely to operate as FCA authorised brokers or lenders, or both? Please provide evidence to support your response.**

**Question 22: Are there any additional conditions beyond FCA authorisation and MCS certification that should be required for a third-party ownership provider wishing to access the BUS? Yes/No. Please provide evidence to support your response.**

**Question 23: Do you agree that the minimum requirements outlined above should apply where a third-party ownership agreement is delivered alongside the BUS? Yes/No. Please provide evidence to support your response including whether there are any additional requirements that should apply, or any proposed requirements that are not appropriate.**

**Question 24: Do you agree that third-party ownership providers operating under the BUS should not be able to repossess or remotely decommission a heating system? Yes/No. Please provide evidence to support your response including any potential unintended consequences for the provider and consumer.**

**Question 25: Should there be a maximum term for eligible third-party ownership agreements delivered alongside the BUS? For example, restricting contract length to the average life span of a heat pump. Yes/No. Please provide evidence to support your response.**

**Question 26: Should third-party ownership agreements delivered alongside the BUS adhere to standard clauses or a model contract setting out the minimum requirements**

**to ensure that consumers are not subject to unfair clauses? Yes/No. Please provide evidence to support your response.**

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**Question 31: Do you agree with the proposal to require installers to deduct the grant amount from the upfront costs of the eligible plant? Yes/No. Please provide evidence to support your response.**

**Part 2:**

**Question 1: What are your views on the current position in relation to the Boiler Upgrade Scheme, the Warm Homes: Social Housing Fund and the Warm Homes: Local Grant i.e., allowing for MCS or equivalent in relation to certification of clean heat products, installers and installations? Please make clear in your response if your views apply across all schemes, or refer to a specific scheme/schemes.**

**Question 2: What are your views on the current position in relation to the Energy Company Obligation which allows for MCS or equivalent in relation to certification of clean heat products for innovation measures, data light measures and standard alternative methodology measures?**

**Question 3: What are your views on the advantages that would stem from a sole certification scheme for clean heat measures?**

**Question 4: What are your views on the advantages that would stem from a certification system which may include multiple certification schemes for clean heat measures?**

**Question 5: Do you agree with the proposal to mandate MCS as the sole certification scheme for clean heat installations under government clean heat schemes and remove the option for equivalence? Yes/No. Please provide evidence to support your response.**

This consultation is available from: www.gov.uk/government/consultations/boiler-upgrade-scheme-and-certification-requirements-for-clean-heat-schemes

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