



GUIDANCE NOTE 0

INTRODUCTION TO THE CHPQA GUIDANCE NOTES

Assessment, Registration and Certification under the Combined Heat and Power Quality Assurance programme (CHPQA) is available to CHP Schemes in the whole of the United Kingdom (UK) of Great Britain and Northern Ireland.

The purpose of the CHPQA Guidance Notes (GNs) is to help and guide applicants in carrying out Self-Assessment and consequent submission for certification of their CHP Schemes. The Guidance Notes are occasionally revised to accommodate changes to CHPQA and to improve clarity where a need is identified.

Each Guidance Note has a version reference in the footnote to enable users to check and ensure that they are referring to the latest version. The latest versions of all Guidance Notes are held on the CHPQA web site <https://www.gov.uk/guidance/combined-heat-power-quality-assurance-programme> and the version numbers are identified in the Version Control Index.

The CHPQA Guidance Notes are structured as follows:

GN0 to GN9	Introductions
GN10 to GN16	Scheme Details and Thresholds
GN17 to GN29	CHPQA Analysis
GN30 to GN39	Treatment of Special Cases
GN40 to GN49	Uses for CHPQA
GN50 to GN61	Other information

IMPORTANT

These Guidance Notes are comprehensive and cover a wide variety of CHP Schemes. Not all Guidance Notes are applicable to every CHP Scheme.

SCOPE

CHPQA is an initiative by the Government to monitor, assess and improve the performance of UK CHP Schemes.

The Guidance Notes provide detailed information on how the CHPQA Standard, which sets out definitions, criteria and methodologies for the operation of CHPQA, will be interpreted by Government Departments and Agencies as well as guidance on compliance with the Standard.

These Guidance Notes provide details on how the requirements set out in the CHPQA Standard should be met in most cases. However, there may be a small number of unusual CHP Schemes where these Guidance Notes do not provide to the Responsible Person (RP) full information to enable compliance with CHPQA requirements. If in doubt, please contact the CHPQA Administrator before submitting an application.

Certain Guidance Notes relate to the use of CHPQA for determining eligibility for fiscal benefits. Where further clarification is required, reference should be made to the appropriate Government Department or Agency.

PURPOSE AND AIMS

The purpose of the Guidance Notes is to assist applicants in the CHPQA application process, providing step-by-step guidance on the requirements of the CHPQA programme. The aims of CHPQA are to:

- Define, assess and monitor the quality of CHP Schemes based on energy efficiency and environmental performance.
- Ensure fiscal and other benefits are in line with environmental performance and in compliance with the CHPQA Standard.
- Provide clear signals to users and potential users to minimise the cost of energy demands through CHP.
- Achieve these aims at minimum cost to CHP users and to Government.

PARTICIPATION IN THE CHPQA PROGRAMME

Requirements for Certification

To achieve and maintain Certification under the CHPQA programme the Responsible Person (RP), defined in the CHPQA Standard, is required to:

- Apply for Registration.
- Install appropriate metering arrangements and maintain appropriate records.
- Conduct an annual Self- Assessment and submit it to the programme for validation through the online submission system.
- Provide additional supporting data where appropriate. These may include meter and calculation uncertainties, and excess uncertainty factors (GN17, GN18 & GN19).
- Provide access to operational data, on a confidential basis, to support the Self-Assessment
- When required, comply with an Audit procedure
- Maintain up-to-date Certification
- Retain records of energy inputs and outputs for six years.

Procedure

Application to the CHPQA programme is entirely voluntary, but certification under the programme will be used as the basis for determining eligibility for a range of benefits (see GN41 onwards) including:

- Climate Change Levy (CCL) exemption
- Hydrocarbon Oil Duty Relief
- Exemption from Business Rating of CHP Plant and Machinery
- Carbon Price Support (CPS) exemption

The CHPQA application process involves the following steps, as appropriate, for the user and the Scheme under consideration:

Registration

Registration is required for both the user (the Nominated Responsible Person), and individual CHP Schemes.

User Accounts: You can register for an account if you are a Responsible Person for an organisation or a consultant. A Responsible Person is someone who creates, renews, or self-assesses a scheme on behalf of an organisation.

Create a user account to register and self-assess a Scheme, and apply for or renew a

certificate, at <https://manage-combined-heat-and-power.service.gov.uk/landing>.

Scheme Registration: Once you are registered as an RP you can use the online service to create a new CHPQA Scheme on behalf of an organisation. This enables the CHPQA Administrator to allocate a unique reference number for the Scheme that should be used in all communications with the CHPQA Administrator. Registration should be made at the earliest possible date. Where more than one CHP Scheme has the same RP and the contact details are the same, only one user account need be created. Account details must be updated whenever significant details change, such as the RP or organisation name.

Once a Scheme is registered you can submit Scheme information to apply for or renew a certificate.

Design (previously F3(s)/F3) Submission

A design submission is used for the Self-Assessment of proposed new (including replacement) and upgraded CHP Schemes. It covers the design of the Scheme, the projected performance and the proposed monitoring arrangements. There are simplified (Simple submission journey) arrangements where all the following are true for the Scheme:

- has a Total Power Capacity (TPC) ≤ 2 MWe
- will use a single conventional fuel e.g. natural gas, diesel
- will comprise a single reciprocating engine-based CHP package, together with associated heat recovery and ancillary equipment, within the Scheme boundary
- will not include additional fired boilers, within the Scheme boundary.

Whilst separate Schemes and submissions may be created by applicants who are proposing one or more simple, discrete Schemes on the same site, if the CHP Units are to be joined through a common heat header (thereby constituting a single Scheme) then, as with all other circumstances, the Self-Assessment of new or upgraded CHP Schemes must follow the normal (Complex submission journey) arrangements.

Where an existing Scheme is upgraded by being replaced by a new Scheme and the previous Scheme operated during the previous calendar year, an operational submission based on actual performance for that previous year, should also be submitted early in the new calendar year. A CHPQA Certificate for the previous Scheme may be necessary in support of CCL reconciliation (see 'Benefits' section later).

Operational Submission (previously F4(s)/F4)

Where a Scheme has operated as CHP in the previous calendar year, an operational submission must be made. There are two main components of the operational submission journey.

Scheme details; This is required to give a description of an existing operating CHP Scheme and is also required when a new or upgraded CHP Scheme makes its first operational submission. These required details of the CHP Scheme include:

- Economic sector
- Statement of billing arrangements
- CHP Scheme diagrams (including boundary definitions)
- Heat profiles (for CHP Schemes with heat rejection facility)
- Details of equipment within the CHP Scheme boundary
- Details of monitoring arrangements (existing and proposed)
- CHP Scheme capacity

This information will be retained in the system but must be re-submitted if the CHP Scheme changes from that described in the original submission, for example if there is a change in the Scheme boundary (to include/exclude other equipment) or if there are updated monitoring arrangements. Each annual submission of Scheme performance will require RPs to review and confirm, or update, Scheme details before proceeding to the submission of annual performance data that covers that year's performance (from 1 January of the following calendar year).

For arrangements, where a site has more than one discrete reciprocating engine units, then this arrangement can be disaggregated into separate Schemes as long as they are serving separate heat distribution systems. In this situation, each separate Scheme will follow the Simple submission journey. However, if the CHP Units are joined, for example through a common heating header, they are deemed to form a single Scheme, in which case the Self-Assessment of must follow the normal (Complex submission journey).

Scheme performance

This is the Self-Assessment of the performance of an existing CHP Scheme based on operational data, undertaken by the RP for each CHP Scheme based on the details and Scheme boundary. Operating data over a full calendar year will normally be required, although the 12 months' data may not always be available, particularly in the first instance (See GN4.5).

There are simplified arrangements for some reciprocating engine-based Schemes with $TPC \leq 2 \text{ MW}_e$ and the option of Self-Assessment over a 7-month heating season for Residential Community Heating Schemes (See GN30). After an initial application and CHPQA Certification, the next submission of performance data will be required the following January based on actual data for the previous calendar year.

Certification

Following the submission of and Validation by the CHPQA Administrator of a correctly completed Self- Assessment, CHPQA Certificates will be issued which will be valid until the end of December of the year of issue. The cycle of Self- Assessment, Validation and Certification will then continue on an annual basis so long as a correctly completed submission, based on actual data for the immediately preceding Annual Operation, is submitted early in the new calendar year. If the Scheme has not entered Initial Operation (or has less than 1 month's data in CHP mode), then a further design submission should be made.

Timescales

The previous year's Certificate will have expired on 31 December of its year of issue. Provided correctly completed Self-Assessments are received by the end of March, new CHPQA Certificates will be issued no later than the end of June so that the RP can maintain validity of their Secretary of State (combined heat and power) exemption certificates without there being any gap in coverage.

Whilst Self-Assessment submissions received after the end of March will be validated and certificated, where appropriate, it may not be possible to issue the CHPQA Certificate before the end of June. Applicants are thus urged to submit before the end of March every year. Submissions must be made through the CHPQA submission portal.

If a CHP Scheme ceases to operate during the calendar year (but ran for some of that period), the CHPQA Administrator should be informed as soon as possible so that the Secretary of State (combined heat and power) exemption certificate may be revoked. A Self-Assessment should also be submitted early in the following calendar year covering

the final period of operation so that the applicant will be in a position to reconcile with HMRC any CCL liabilities (see Benefits below).

As described above, like CHPQA Certificates for existing Schemes, Certificates for Schemes in design must be renewed annually each January until the Scheme has begun Initial Operation. Please note, the CHPQA Administrator must be informed in writing when Initial Operation commences. It is only necessary to provide details of any changes to the design or anticipated operating conditions each year.

Once a new or upgraded Scheme has begun to operate and at least 1 month of data in CHP mode is available, a Self-Assessment of the operational Scheme must be submitted in the first January of Initial Operation and then in the January of every year thereafter. If the Scheme boundary or monitoring arrangements have changed the revised details should also be submitted at the same time.

Benefits

The CHPQA Certificate may be used to support a claim for the benefits offered to those with Good Quality CHP such as:

- Climate Change Levy (CCL) Exemption
- Exemption from Business Rates of Power Generating Plant and Machinery
- Exemption from Carbon Price Support (CPS) rates of CCL for supplies of fossil fuels to CHPQA certificated schemes where the fuel is used to generate heat (fuel for heat equivalent) and any Good Quality electricity (QPO) which is directly supplied – see HMRC Reference CCL 1/6.

To realise these benefits, the CHPQA Certificate is used (as described below) to obtain a **Secretary of State (combined heat and power) exemption (SoS) certificate** (which entitles the applicant to claim Climate Change Levy exemptions and exemption from Business Rating of CHP Plant and Machinery).

Possession of a CHPQA Certificate does not compel the applicant to obtain an SoS certificate.

Secretary of State (combined heat and power) exemption certificate

Possession of a Secretary of State (combined heat and power) exemption certificate demonstrates legal entitlement to CCL exemption, **which may not be claimed prior to the date of the Certificate**. In addition, to claim CCL exemption on fuel input, the applicant must complete and submit Supplier Certificates (PP11) to each energy supplier (copied, together with Supporting Analysis Form PP10, to HM Revenue and Customs). See HM Revenue and Customs' Notice CCL 1/2 (available at <https://www.gov.uk/government/collections/climate-change-levy-notices>).

A valid Secretary of State (combined heat and power) exemption certificate is also the evidence of eligibility required to request exemption from Business Rating of CHP Plant and Machinery. The applicant is required to submit a request to the relevant Valuation Officer (Assessor in Scotland) to alter the rating list. This request must be accompanied by the Secretary of State (combined heat and power) exemption certificate for the CHP Scheme. See CHPQA GN43 at <https://www.gov.uk/guidance/chpqa-guidance-notes>.

In order to receive, maintain or vary a Secretary of State (combined heat and power) exemption certificate for a CHP Scheme, a request should be made by completing the appropriate section at the end of the annual CHPQA self-assessment. Once the request is received, and a CHPQA Certificate issued, a Secretary of State (combined heat and power) exemption certificate (or letter of maintenance/variation as appropriate) will be

issued for the CHP Scheme. The Secretary of State (combined heat and power) exemption certificate remains valid from the date of issue, unless varied or revoked, provided the operator maintains its validity by requesting its renewal annually by 30 June through the annual operational submission process.

Renewable Obligation (RO) and Contracts for Difference (CFD)

Certain types of renewable CHP Schemes can qualify for Renewables Obligation Certificates (ROCs) if certified under CHPQA or must be certified as a condition of a CFD.

In both cases, an additional CHPQA Certificate (“GN44 Certificate”) is required based on a separate assessment to that used to access other benefits available to GQCHP. Full details are provided in Guidance Note 44 Issue 6 and Issue 7.

Penalties

A CHPQA Certificate may be varied or cancelled if any RP submits false, incorrect or misleading information to gain Certification under CHPQA. Furthermore, if any person falsely claims eligibility for benefits, they shall be subject to penalty arrangements enforced by the appropriate government department or agency.

Appeals

Appeals concerning Registration, Validation or Certification can be made using the appeals process outlined below:

Stage 1. The complainant should write to: “The CHPQA Programme Manager, The Gemini Building, Fermi Avenue, Didcot OX11 0QR”, stating the name of the RP, the name and address of the site, the site reference number and details of the nature of the complaint (enclosing copies of relevant documentation). The appeal must be lodged within 12 months of the date of Registration, Validation or Certification to which the appeal relates.

The complaint will be reviewed carefully, and a response will be sent to the complainant within one month of receipt of the complaint. The response shall give either a decision or an explanation for any delay and an expected date for the decision. Once a decision has been reached, the complainant shall be issued with (i) a statement of the decision with reasoning (or an explanation of, or clarification of, an earlier decision) and (ii) reference to Stage 2 below.

Stage 2. If the complainant remains dissatisfied with the decision of the Programme Manager, he should write, within three months of receipt of the Stage 1 appeal response, to the designated point of contact at the Department of Energy Security and Net Zero (DESNZ) giving:

- a copy of the original complaint.
- a copy of the original decision.
- an explanation as to why the complainant disagrees with this decision.

The designated point of contact at DESNZ will be notified in the Programme Manager’s Stage 1 response.

DESNZ officials will then consider the complaint, and a final decision will be communicated within one month of receipt of the Stage 2 complaint. DESNZ’s response to a Stage 2 appeal is final and neither the CHPQA Administrator nor DESNZ will accept a subsequent appeal to the Registration, Validation or Certification in question.

FURTHER INFORMATION AND QUERIES

CHPQA Certificates

The CHPQA Administrator

Telephone: 01235 753004 or email: chpqainfo@chpga.com.

The full supporting information (Standard, Guidance Notes and Self-Assessment submission portal) is available on the CHPQA website <https://www.gov.uk/guidance/combined-heat-and-power>

Secretary of State (combined heat and power) exemption certificates

Industrial Decarbonisation and Emissions Trading Team

Department for Energy Security and Net Zero

3-8 Whitehall Place

London SW1A 2AW

CHPPolicy@energysecurity.gov.uk

Business Rates

The nearest Valuation Office - the telephone number of which can be found under Valuation Office Agency (VOA) in the telephone directory.

The Valuation Office Agency website:

<https://www.gov.uk/government/organisations/valuation-office-agency>

In Scotland, applications should be directed to the Assessor for the local Council or Valuation Joint Board. Contact information for Assessors is available from the local Council.

Climate Change Levy

Supplier Certificates and Supporting Analysis (Forms PP11 & PP10) and any queries relating to the collection or administration of the Climate Change Levy.

H M Revenue and Customs Tel: 0300 200 3700

<https://www.gov.uk/topic/business-tax/climate-change-levy>

Advice on CHP Technology and Technical issues

Please go to <https://www.gov.uk/guidance/combined-heat-and-power>. On the website you will find comprehensive information on all aspects of cogeneration, whether you are new to CHP or looking for specific information.