REA Response:
Clean Heat Grant: further policy design proposals

The Association for Renewable Energy & Clean Technologies (REA) is pleased to submit this response to the above consultation. The REA represents a wide variety of organisations, including generators, project developers, fuel and power suppliers, investors, equipment producers and service providers. Members range in size from major multinationals to sole traders. There are over 550 corporate members of the REA, making it the largest renewable energy trade association in the UK. The Wood Heat Forum is the members forum within the REA that advocates for the modern wood heating and related biomass heating industry including wood fuel suppliers, biomass boiler and stove installers and distributors, and anyone involved in the supply chain.

Minimum Insulation Requirements

We are supportive of proposals that the Clean Heat Grant (CHG) should replicate existing requirements on the domestic Renewable Heat Incentive (RHI), requiring applicants to hold a valid EPC for the property. We also agree with utilising the existing insulation exemptions in place for the domestic RHI.

However, we would also take this opportunity to highlight that a major barrier to heat decarbonisation comes from the fact that Standard Assessment Procedure 2012 (SAP), which is used to calculate the EPC, does not use up-to-date figures on cost, efficiency, and carbon intensity. Out of date efficiency calculations for renewable heat technologies within the SAP regularly produces results that favour fossil fuel heating systems and fail to reward flexibility. Methodologies should be updated as soon as possible so that renewable energy is the primary focus within the SAP calculation while taking into consideration the loss of that generated heat.

Biomass eligibility and 'Hard to Treat' Buildings

As expressed in previous response, the REA raise concerns that assessing suitability for a heat pump or biomass boiler based solely on the building's W/m^2 figure is overly simplistic and takes no account of other factors that could inform which heat technology is appropriate to install. The heat loss of a building is only part of the decision-making process when deciding on the correct renewable heat technology to adopt for any building. Also considered are factors like electricity supply capacity availability (including if the consumer also has a EV charging point); cost of ancillary works (eg upgrading/installing radiators); availability of local installers or feedstock providers; the consistent level of heat required in a property determined by its use, or comparisons of running costs. A blunt threshold W/m2 figure may be simple but is unlikely to lead to the right decision regarding assessing biomass vs ASHP vs GSHP.

We continue to believe a full heat assessment should be carried out for all installations, not just required in the case of biomass installations. This will help ensure the CHG is paying for

the right capacity and technology to be installed for the properties heat needs. This will also lead to a more technology neutral approach to support heat decarbonisation.

Given the above, we do not have a strong position on where the threshold should lie but suggest that, if BEIS are committed to pursuing this policy approach, the threshold should be at the lower end of the range suggested, providing opportunities to allow further criteria to be considered by the consumer without the threshold becoming too onerous a barrier to the installation of biomass where it is an appropriate solution.

Voucher Application Process

The REA are supportive of the proposed step that consumers will be required to have their needs assessed by at least one installer and submit a quotation when applying for a voucher. As stated in our original consultation response, we are in favour of measures that enable the consumer to understand their heat requirements first and ensure they are getting the right capacity and technology installed.

We would also remind BEIS that given the intention to make the first stage of the application consumer led, it is important that consumers are protected during this process so that, if they have been mis-sold an installation, that can then not be justified in stage 2, the remaining cost of the project does not revert to the consumer. This will help to ensure installers design and install appropriate projects, as failure to secure a grant could see costs come back to them.

We also support the intention to ensure that vouchers are redeemed in a reasonable time and that unused vouchers are cancelled so that funding can be released for other applicants. However, we note that the proposed three-month period is very tight if there is any requirement for planning permission or other statutory permissions, which could well be the case for biomass and heat pumps. The statutory consultation time for a planning application is 8 weeks, so should be considered the minimum time between an application being submitted and planning permission being granted. A further few weeks are then needed for the CHG application to be prepared, leaving only 2-3 weeks for equipment to be ordered, delivered, installed, and commissioned. We suggest either the 6-month validity period be extended to all applications, or that proof of having applied for required planning permission (or other statutory requirements), should be included on a list of circumstances for extending the voucher validity period.

Clarification on our approach to new-build eligibility

The REA are supportive of the approach of using the Future Homes Standard as the primary method for ensuring new build properties install renewable heat systems and the Clean Heat Grant is therefore focused on retrofit or custom-build situations.

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For further details, please contact heat@r-e-a.net