



Department for Energy Security & Net Zero

Lord Callanan
Parliamentary Under Secretary of
State for Energy Efficiency and
Green Finance

**Department for Energy, Security
& Net Zero**

www.gov.uk

Dr Nina Skorupska CBE FEI
Chief Executive, REA
Brettenham House
2-19 Lancaster Place
London
WC2E 7EN

Our ref: MCB2023/06755

17 March 2023

Dear Dr Skorupska,

Thank you for your letter dated 2 March, regarding the removal of several biomass boiler models from Boiler Upgrade Scheme Product Eligibility List (PEL).

Ofgem administers the Boiler Upgrade Scheme (BUS) in line with the scheme regulations and eligibility is directly determined by these regulations. The PEL is an administrative tool designed by Ofgem to help identify products that may be eligible for grants under the BUS. It is scheme specific which means that a specific product being on the full MCS product directory, or Ofgem's Domestic Renewable Heat Incentive (DRHI) PEL, does not provide a guarantee that it will be included in the Ofgem BUS PEL. It is also not a guarantee that specific products meet all requirements under the scheme. Installers should always consult the regulations, the standards published by Secretary of State and the scheme guidance to understand whether specific products are eligible for funding.

Ofgem routinely review and update the PEL. Where they have reason to, they may investigate certain products to gain greater assurance that they are eligible for BUS grants. Where this is the case, they sometimes remove products from the PEL until they have completed their investigation. For the 15 biomass boiler models that were removed on 19 January and 1 February 2023, they have reason to believe that they do not meet the definition of 'biomass boiler' as prescribed by the BUS regulations. They have, therefore, taken this decision to remove the products from the PEL while they complete their investigation.

Under the BUS Regulations¹, biomass boilers are eligible where they are:

- Designed and installed to burn solid biomass to provide heat,
- Designed to minimise direct heat loss to the immediate area in which they are installed,
- Not capable of providing heat to a property without using a liquid to deliver that heat, and
- Not designed to generate heat for the purpose of cooking food.

¹ www.legislation.gov.uk/ukdsi/2022/9780348232349/contents

Ofgem have reason to believe the biomass models removed from the PEL do not comply with two parts of the regulations – the ability to cook food and minimising heat loss to the surrounding area.

We appreciate that cooking was eligible under DRHI for a specific type of biomass stove ('biomass cooker stove'). However, biomass stoves are not eligible under the BUS and the definition for biomass boiler remains the same under BUS as it was under the DRHI. Nevertheless, we understand the importance of biomass boilers in decarbonising hard-to-treat properties that may not be suitable for a heat pump while minimising air quality concerns. We are therefore taking views on board and are keen to take the right policy approach going forward. We will be reviewing the current definition of biomass boilers and the eligibility criteria around models that facilitate cooking.

Ofgem have prioritised engagement with industry both before and since the launch of the scheme. They are in communication with the installers and industry stakeholders that have expressed concerns regarding the update to the PEL and are considering the evidence that they have put forward. Any decisions will be communicated fully with industry.

Thank you for writing to highlight your concerns. I'd be delighted to meet with you, alongside my officials to discuss this issue further.

A handwritten signature in blue ink, appearing to read 'Martin Callanan', with a stylized flourish at the end.

Lord Callanan