

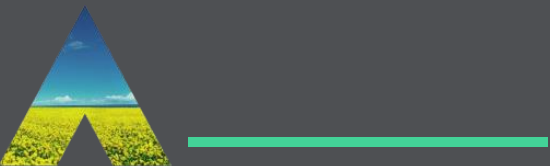


Wood Heat Forum Member Meeting 19th March 2024



REA Competition Law Policy

- REA's compliance with all aspects of UK Competition Law applies to all activities of REA including its subsidiaries Member Forums, committees, working groups, technical groups, and sub-groups and any other such meeting:
 - Members are not permitted to discuss competitively sensitive information, or to use REA as a conduit for such discussions
 - Competitively sensitive information covers any non-public strategic information about a business's commercial policy. It includes, but is not limited to, future pricing and output plans
 - Please note this session is being recorded for note taking purposes.



Agenda

Time	Topic	Speaker
14:00-14:05	Welcome and Introductions	REA Team / Terence McCracken
14:05-14:10	Overview update on Heat Policy	REA - PA
14:10-14:20	The Boiler Upgrade Scheme	REA – PA and MS
14:20-14:30	Heat in Buildings Developments in Scotland	REA - PA
14:30-14:35	UK Future Homes and Buildings Standard	REA - MS
14:35-14:40	Heat Networks	REA - PA
14:40-15:00	Air Quality	REA – MS, Charles Scherer
15:00-15:05	Emissions Modelling	Dr Oisín de Priall
15:05-15:20	Update on other REA work: Ofgem, Heat meters, Biomass Strategy, NAO report, HABMS, DESNZ	REA – MS and PA
15:20-15:30	Questions, Upcoming Events & Thanks	

Overview update on heat policy

- In December government announced a £6 billion funding package for energy efficiency and heat decarbonisation schemes
- The Boiler Upgrade Scheme: £1.5 billion
- Heat Network Transformation Programme (GHNF and HNES) - £485 million will go towards (1) the Green Heat Network Fund and £45 million to (2) the Heat Network Efficiency Scheme.
- Industrial Energy Transformation Fund - £225 million.
- Public Sector Decarbonisation scheme: £1.17 billion
- Social Housing Decarbonisation Fund: £1.25 billion
- Funding for new schemes
- Last week the government (1) released its response to the BUS consultation; (2) announced the Clean Heat Market Mechanism will remain but are consulting on delaying it by 1 year; (3) published its response to the Improving Boiler Standards and Efficiency consultation.



Boiler Upgrade Scheme

- Since the scheme launched in May 2022, there have been 280 applications for biomass boilers, 199 have had their redemptions paid.
- ASHPs represent the majority of applications with over 19,000 redemptions paid.
- Of the biomass boiler redemptions paid:
 - 99% are for domestic properties
 - 100% for rural properties
 - 100% for off-gas-grid properties
- Median cost of biomass boiler installation is around £16k and median capacity is 22kW

Table 1.1 - Number of vouchers by status and technology type, England and Wales, May 2022 to January 2024

This worksheet contains one table. Some cells refer to notes, which can be found on the 'Notes' worksheet.

[note 1] [note 2]

Source: Ofgem

Status	Air Source Heat Pumps	Ground Source Heat Pumps	Shared Ground Loop Ground Source Heat Pumps	Biomass boilers	All technology types
Voucher applications received	32,075	1,032	37	280	33,424
Vouchers issued	27,551	875	24	253	28,703
Redemption applications received	20,445	625	17	209	21,296
Redemptions paid	19,689	592	17	199	20,497



Boiler Upgrade Scheme – Consultation Response

- The government has published its response to the consultation on proposed changes to the Boiler Upgrade Scheme. As a result the government will:
 - retain the requirement for BUS applicants to provide a valid Energy Performance Certificate (EPC) generated in the last 10 years, but will remove the requirement to have no outstanding recommendations for loft and cavity wall insulation on the EPC
 - maintain the capacity limit for individual systems at 45kW, but the capacity limit for shared ground loops will be increased to 300kW
 - introduce biomass boilers with an integrated cooking function as newly eligible for support - an REA win for the sector
 - future-proof the regulations by differentiating grant levels for properties off the gas grid and self-build properties. This won't be applicable currently but government will be able to vary the grant levels for these properties in future, if necessary.



Boiler Upgrade Scheme

- The REA wrote to Rt Hon Claire Coutinho MP in November
 - Requesting an increase to the BUS grant for biomass boilers in line with the increase for heat pumps
- We have also been engaging with civil servants on this matter, particularly since the additional £1.5 billion was granted to the BUS in December
- Next steps: meeting with DESNZ Director of Heat
- Questions for members:
 - What's your experience of the BUS?
 - Is it the right mechanism?



The Rt Hon Claire Coutinho MP

Secretary of State for Energy Security and Net Zero
House of Commons
London SW1A 0AA

claire.coutinho.mp@parliament.uk

6th November 2023

Dear Secretary of State,

Increase Boiler Upgrade Scheme Grant for Biomass Boilers as well as Heat Pumps

We are writing to highlight concerns regarding the latest changes to the Boiler Upgrade Scheme (BUS). Whilst we welcome that the grant has been increased to £7,500 for air and ground source heat pumps, which we fully recognise will play a critical role in the heat decarbonisation of the majority of properties, it remains concerning that Government have decided not to also increase the grant level for biomass boilers. We are calling for the higher level of grant to also be made available for biomass where such boilers can be shown to be the most appropriate solution for the property. This will ensure households in off gas grid areas, especially those in low energy efficiency homes, are not disadvantaged by the support provided by the BUS.

The Government's own Biomass Strategy this summer made clear that biomass boilers are essential to decarbonise some off gas grid properties. It identified up to 220,000 off-gas-grid properties where heat pumps may not be the most suitable solution due to poor insulation or need for high heat loads.¹ The median reported cost of installation under the BUS so far is £13,000 for air source heat pumps (ASHPs), £16,000 for Biomass boilers and £24,000 for ground source heat pumps (GSHPs). By providing the higher grant selectively, the scheme creates the unintended consequence of incentivising consumers and installers to put in a heat pump regardless of whether they are the most appropriate solution for the property. This will lead to bad consumer experiences, damage confidence in the scheme and be a poor use of government funding.

We have seen low uptake on the Boiler Upgrade Scheme to date because the current grant level of £5000 is not attractive enough for many consumers. Those wanting to install biomass boilers will not be encouraged to do so without raising the grant and will keep



New Buildings in Scotland Overview

The Building (Scotland) Amendment Regulations 2023

- Banning of the installation of “Direct Emission Heating Systems” in domestic and non-domestic new builds as of April 2024 that **“during normal operation produces more than a negligible level of greenhouse gas emissions at the point of production of that thermal energy”**. The scope is for heating and hot water, so industrial processes will not be covered by this legislation.
- Building warrants in Scotland are valid for 3 years which means that those applied for ahead of the in-force date can build in accordance with current requirements.
- The only technology so far to be defined as fitting their definition of negligible is 100% hydrogen boilers.
- As it currently stands any bioenergy system will not be able to be installed in new buildings as of April 2024 – this does not cover alterations, extensions or existing buildings. Bioenergy could still be used within heat networks, process heat, in emergency back up and where it is not reasonably practicable to change the existing system within a conversion.

SCOTTISH STATUTORY INSTRUMENTS

2023 No. 177

BUILDING AND BUILDINGS

The Building (Scotland) Amendment Regulations 2023

Made- - - -6th June 2023

Laid before the Scottish Parliament8th June 2023

Coming into force- -1st April 2024

The Scottish Ministers make the following Regulations in exercise of the powers conferred by sections 1 and 54(2) and schedule 1 of the Building (Scotland) Act 2003(a), and all other powers enabling them to do so.

Publication - Factsheet

New Build Heat Standard: factsheet

Last updated: 4 January 2024 - see all updates


Directorate: Energy and Climate Change Directorate

Part of: Building, planning and design, Energy, Housing

New homes and buildings must install climate-friendly heating systems from April 2024. Find out more.

This document is part of a collection

The New Build Heat Standard (NBHS) will affect the type of heating system that new-build homes and properties will be allowed to use.



Climate Change (Scotland) Act 2009

2009 asp 12

The Bill for this Act of the Scottish Parliament was passed by the Parliament on 24th June 2009 and received Royal Assent on 4th August 2009

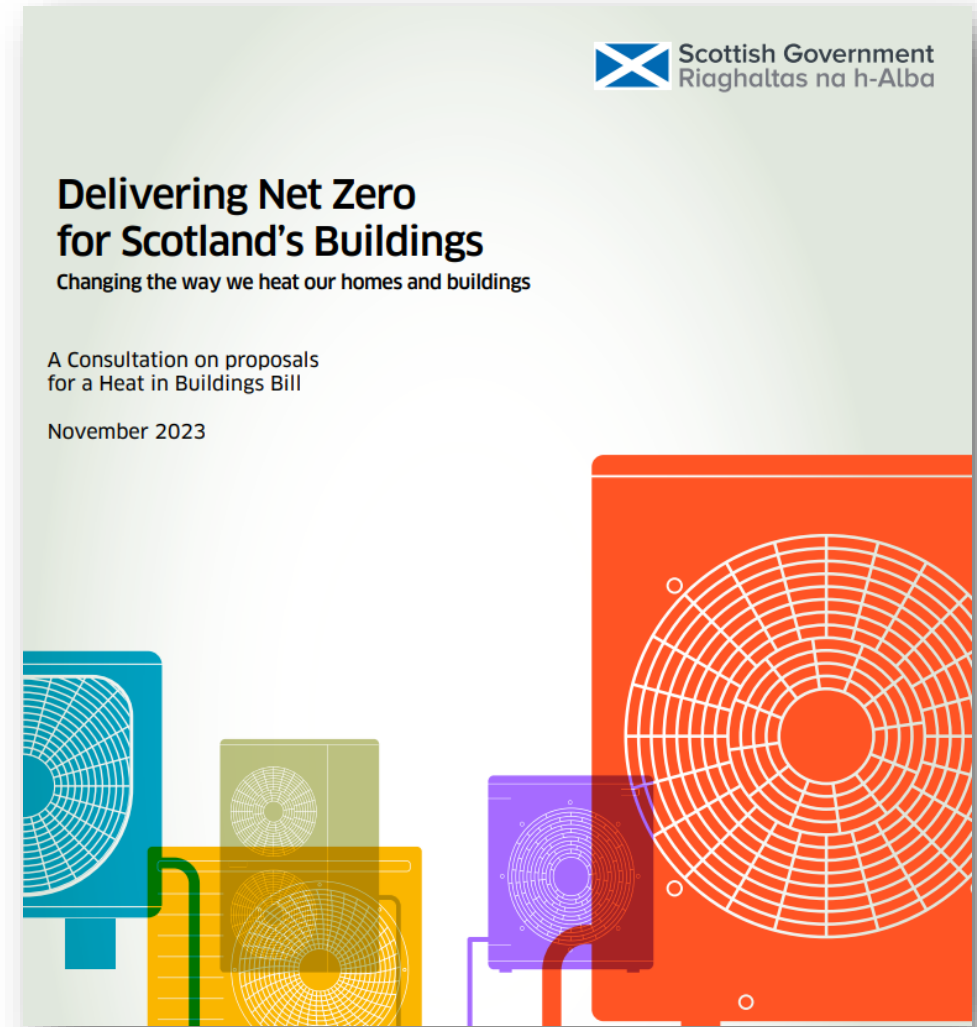
An Act of the Scottish Parliament to set a target for the year 2050, an interim target for the year 2020, and to provide for annual targets, for the reduction of greenhouse gas emissions; to provide about the giving of advice to the Scottish Ministers relating to climate change; to confer power on Ministers to impose climate change duties on public bodies; to make further provision about mitigation of and adaptation to climate change; to make provision about energy efficiency, including provision enabling council tax discounts; to make provision about the reduction and recycling of waste; and for connected purposes.

Scotland Heat in Buildings Bill Consultation

Scotland Heat in Buildings Bill Consultation

The consultation outlined proposals on new laws around the heating systems that can be used in existing homes or business premises. They plan to:

- Reconfirm that the use of polluting heating systems will be prohibited after 2045; and
- As a pathway to 2045, require those purchasing a home or business premises to end their use of polluting heating systems within a fixed period following completion of the sale.
- They also propose new laws on minimum energy efficiency standards for homeowners and private landlords.
- Propose new laws that will require people and businesses to end their use of polluting heating when a heat network becomes available.



What does this mean for Biomass?

- Clear they are prioritising 'zero direct emissions heating systems' and heat networks
- They include bioenergy systems (including biomass and bioliquids) within their definition of 'direct emission heating systems/ 'polluting heating systems', but they do recognise that there is a role for bioenergy in certain situations.
- We submitted our response to this consultation on 8th March, along with case studies showcasing biomass examples in Scotland

2.18

We recognise that as a renewable, and potentially net zero, energy source bioenergy may represent the best option to help decarbonise some homes for which clean heating systems are not suitable. We also want to ensure that owners who have taken the proactive step of installing renewable bioenergy systems are fairly treated. This is why, in addition to permitting extra time for those currently using bioenergy to meet the clean heat element of the Standard, we are seeking views on whether a more flexible approach to the use of bioenergy under future regulations is needed. We would need to balance this flexibility with the need to protect and ensure the supply of bioenergy in other sectors of the economy that also rely on bioenergy to remove emissions.

Key points in our response included:

- Biomass should be included as an option, rather than thought of as being 'exempt' in certain scenarios
- Sufficient support mechanisms needs to be in place to help homes and businesses make the switch
- Those who have proactively chosen to install bioenergy systems already, should be allowed to continue using these systems both up to and beyond the 2045 backstop.
- Need for greater clarity on whether biomass systems would be able to be used in a heat network beyond 2045



What next?

- Responses currently being analysed alongside responses made to the related Energy Performance Certificate reform consultation
- Letter to Patrick Harvie MSP. Our key requests of Scottish Government were:
 - 1) Create a suitable provision to the building (Scotland) Amendment Regulations 2023 so that biomass boilers can be used in new build situations, where shown to be the most applicable solution.
 - 2) Ensure that bioenergy continues to be allowed to be retrofitted in existing buildings where it is the best route to decarbonisation, for example by enabling this in the Heat in Buildings Bill

The Rt Hon Patrick Harvie MSP
Minister for Zero Carbon Buildings
The Scottish Parliament
Edinburgh EH99 1SP
Patrick.Harvie.msp@parliament.scot

6th February 2024

Dear Mr Harvie,

Adapt the Building (Scotland) Amendment Regulations 2023 to allow Bioenergy to play a vital role for low carbon buildings and a Net Zero future.

I am writing to highlight the vital role of bioenergy heating systems in helping to decarbonise Scottish Buildings, especially in hard-to-treat situations. This follows the disappointing outcome of The Building (Scotland) Amendment Regulations 2023, which has effectively banned low carbon biomass boilers from being used in new builds as of April 2024. At the same time, the current *open* consultation on the Heat in Buildings Bill has raised industry concern that Scotland may now restrict the role of bioenergy heating in retrofit applications. Given the challenge to meet Scotland's lauded Net Zero ambitions, it remains critical that Scotland takes a nuanced approach to heat decarbonisation, choosing the most suitable low carbon technology for each situation. The REA, on behalf of its members, are calling for the Scottish Government to make provisions that allow the installation of sustainable bioenergy systems in both new build and retrofit situations, where it is shown to be the most appropriate route to decarbonisation.

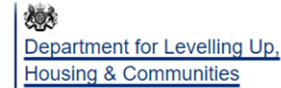
Concerns with The Building (Scotland) Amendment Regulations 2023, Amendment 3

Within The Building (Scotland) Amendment Regulations 2023, Amendment 3 bans the installation of *"direct emissions heating systems"* that *"during normal operation produces more than a negligible level of greenhouse gas emissions at the point of production of that thermal energy"* in domestic and non-domestic new builds from April 2024. Whilst we welcome that the legislation will result in no more fossil fuel boilers being installed in new buildings, the legislation also means that clean, sustainable energy systems which utilise modern biomass boilers for space and water heating, are also now banned in new developments. This approach fails to recognise the distinction between biogenic carbon and fossil carbon, as recognised by the IPCC National Greenhouse Gas Inventory¹ and UK's own Biomass Strategy.



Future Homes and Buildings Standards: 2023 Consultation

- This consultation sets out plans for achieving the Future Homes Standard and Future Buildings Standard.
- It sets out technical proposals for changes to the Building Regulations, the associated Approved Document guidance and calculation methods.
- The majority of this consultation has regard to new homes and non-domestic buildings. A small number of sections are also relevant to existing buildings.
- The consultation deadline has been extended to the 27 March 2024.
- Biomass not too threatened but our response has emphasised its role in retrofits, new builds and heat networks



Open consultation

The Future Homes and Buildings Standards: 2023 consultation

Updated 4 March 2024

Applies to England

Contents

1. [Scope of consultation](#)
2. [Acronyms](#)
3. [Introduction](#)
4. [Performance requirements for new buildings](#)
5. [Metrics](#)

The Future Homes and Buildings Standards: 2023 consultation on changes to Part 6, Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for dwellings and non-domestic buildings and seeking evidence on previous changes to Part O (overheating)



Heat Networks

Heat Network Zoning Consultation

- The main purpose of Heat Network Zoning is to identify and designate areas of England where heat networks are expected to be the lowest-cost solution to decarbonising heat. Which they hope should accelerate their growth and encourage private sector investment.
- Our response emphasised that government need to consider the role of all low carbon heat sources and that any regulations on particulate emissions limits should be in accord with those set out by the Environment Agency and permissions acquired through Environmental Permits as already takes places.



Heat Networks

- Heat Network opportunity list published
- Round 7 of the GHNF closed in February
- GHNF delivered by Triple Point Heat Networks
- HNES Round 6 deadline extended to 22nd March
- Energy Bills Discount Scheme deadline 31 March 2024
- Heat networks currently provide about 3% of total UK heat but the government has a target of 20% by 2050.
- Potential growth opportunity



Heat network opportunity list published

The Department for Energy Security & Net Zero is publishing a list of potential heat network projects for prospective heat network developers.

The list contains projects where early stage feasibility studies conducted by the Heat Networks Delivery Unit are available on request. If you are interested in further information about any of these potential opportunities, please contact HNDU@energysecurity.gov.uk.

Local Authority Area

Bournemouth, Christchurch & Poole Council

Calderdale Metropolitan Borough Council

Durham County Council

Project overview

A potential new £10m heat network in Bournemouth, with an NHS building being the key anchor load, and location for the energy centre.

A potential new £10m heat network with key heat off-takers including council buildings, a leisure centre, large private sector consumers and a historic buildings complex.

A potential new £30m combined town centre and campus heat network providing low carbon heat from the River Wear. Key heat off takers include Durham County Council, a higher education institution, and several new build residential developments.



Air Quality

- We have developed an REA workstream on air quality as this emerged as key topic of interest after WHC, and there are concerns about DEFRA's anti-wood-burning campaigns
- REA-DEFRA meeting
 - Highlighted clear opportunities for us to engage and inform
- Future plans:
 - High-level briefing
 - Requesting data from Ofgem on emissions profiles
 - Commissioning research?
- Terence McCracken work with Nutcracker Energy



Department
for Environment
Food & Rural Affairs

**WOOD BURNERS.
IT'S SCARY WHAT THEY'RE
DOING TO PUBLIC HEALTH.**
Wood burners. Careless not cosy.



Guest Speakers

Air Quality

Guest Speaker: Charles Shearer, Nutcracker Energy

Emissions Modelling

Guest Speaker: Oisín de Priall, Reheat



Update on other REA work

Ofgem

- REA quarterly meetings
- Main issues raised include:
 - Fuel Quality Certificates and RHI payment reclaims
 - BUS
 - Metering

Metering Working Group

- Proposed clamp-on-meter cross-checking to demonstrate meters are not inaccurate.
- Meter banking
- Recommendation paper → DESNZ

Schedule 4A

- Proposals to re-write schedule 4A to provide clarification – aim is to re-enforce but not change policy intent
- Main change would be that fuel standards are named rather than fuel quality schemes
- Mini-consultation likely to be released on this shortly



Recommendation Paper - REA Metering Working Group

1. General overview of the metering issue

The REA's Metering Working Group was established to address industry concerns related to the metering obligations within the ND RHI (Non-Domestic Renewable Heat Incentive). It aims to tackle issues arising from current RHI regulations that require the removal and recalibration of heat meters, or replacement with a new or refurbished meter, every ten years.



Update on other REA work

Biomass Strategy

- Cross-sector sustainability framework consultation still expected

NAO report

- On the 24th January the National Audit Office (NAO) published its report on the government's support for Biomass
- Government hasn't done enough to demonstrate compliance with sustainability requirements
- Another NAO report released yesterday, stating government not doing enough to decarbonise homes and businesses

HABMS

- Involved in discussions with HETAS and DESNZ on evolution of scheme to ensure fit for purpose for all scales of biomass boilers

A graphic featuring a dark blue rounded rectangle with the text 'Biomass Strategy' in white. To the right is a vertical strip showing a close-up of green grass with a single water droplet on a blade.

**Biomass
Strategy**



Upcoming REA events

ORGANICS 2024
ANNUAL CONFERENCE
EXHIBITION | GALA DINNER
CHESFORD GRANGE, KENILWORTH, CV8
THURSDAY, 21ST MARCH 2024



**BRITISH
RENEWABLE
ENERGY
AWARDS 2024**
13TH JUNE 2024
SHERATON GRAND, LONDON
#BritRE Awards



**WOOD
HEAT
2024**



Thanks

As always if you have any questions please get in touch:

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