

BSL Advisory Panel – Final Minutes

Meeting 13

Time and date	11:00 – 15:00, Wednesday 22 nd January 2020
Venue	Gemserv, 8 Fenchurch Place, London, EC3M 4AJ
Date of Issue	Wednesday 29 th January 2020

1) Welcome & Housekeeping

The Chair welcomed the Panel Members. The BSL Administrator pointed out the change in paper format, moving from presenting all agenda items on PowerPoint to individual papers for a smoother meeting and action flow.

The Chair confirmed the agenda, noting that BEIS and Ofgem will be leaving the meeting in the afternoon, so the agenda items were adjusted to accommodate the change.

See Appendix A for attendees and apologies.

2) Review of minutes Panel 12

Panel Members had provided comments on Panel 12 draft minutes, which had been captured and implemented as version 1.1. The BSL Administrator presented the amended minutes and asked if there were any further comments.

No other comments were received, and the minutes were approved.

3) Review of actions

The following updates were provided for the outstanding actions:

Ref	Action	Updates
10-04	The Chair to have a conversation with BEIS to see how the Panel can enable the delivery of value for money.	The ToR has been amended to V1.1 to introduce the Budgetary Control Officer role within the Advisory Panel. This Panel Member will provide specific support to the BSL Administrator in the development and monitoring of the scheme's financial budget.

12-02	The BSL Administrator to update the BSL Land Criteria guidance document to include changes to the GFR, noting the changes to the criteria for fuel sourced from countries that increased in risk (once approved by BEIS).	The decision is with DEFRA about the assessment process of incorporating the change. It was noted that this also relates to revised changes being made to the UK Risked Based Regional Assessment (RBRA) form.
12-03	BEIS to provide an update from the Clean Air Strategy group regarding their views of waste wood.	BEIS are considering including questions about waste wood in the consultation document, subject to minister's approval. BEIS informed the group that waste wood has been included as part of the post-RHI consultation.

4) Ofgem update

Ofgem informed the Panel that in the past quarter they have been working with BEIS on the RHI consultation document.

It was explained that at the end of last year, Ofgem worked with BSL Administrator in carrying out an impact assessment for the removal of a BSL Supplier who had ~700 applications. The forewarning from BSL Administrator enabled Ofgem to know exactly the number of RHI participants that would be impacted by the removal.

The February edition of the RHI newsletter will include a section that will remind participants claiming the domestic RHI to request a BSL authorisation number each time they purchase fuel. These participants should continue to use the 'Find a Fuel' section of the BSL website to check their fuel's authorisation.

The BSL Administrator explained that the supplier that was removed received countless warnings and was contacted numerous times via emails, telephone and post. The supplier did not take any action to resolve the matter.

Ofgem informed the Panel that as part of their targeted audit program, seven installation audits have been scheduled over the coming months, from referrals received by BSL Administrators. It was also added that a new audit manager has joined the Ofgem audit team, a meeting will be held with BSL Administrators to discuss the audit results.

Panel Action 13-01	Ofgem to meet with BSL Administrators to discuss the BSL audit referral results.
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A discussion was held around domestic RHI consumers using BSL removed fuel and how this impacts RHI payments. A Panel Member suggested that Ofgem should contact consumers that may still be purchasing the removed fuels.

Panel Action 13-02	Ofgem to work with BSL Administrator to establish a suitable approach in contacting RHI consumers who have purchased BSL removed fuel.
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The Chair reiterated that it is not the consumer's fault if they are unaware of their fuel's removal. Ofgem explained that limited discretion is provided for in the regulations and that it is the participant's responsibility to ensure that they are in compliance with the scheme's rules. Fuel purchased prior to the removal of the BSL number would still be acceptable to use. The BSL Administrator suggested that the data sharing agreement BSL Administrator have in place with Ofgem may need to be amended, as Ofgem currently do not share details of RHI participants with BSL Administrator.

Panel Action 13-03	Ofgem and BSL Administrator to review the data sharing agreement held to see if RHI consumer details can be shared with BSL Administrator.
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5) BEIS update

BEIS explained that towards the end of last year, there was a change in Government and purdah prevented the release of new announcements and updates. The Government has considered a full range of success options for the RHI, however, further details will be announced in due course. The consultation is due to be published in the first quarter of this year, subject to Minister's approval.

BEIS added that towards the end of 2021, Government may consider the introduction of new regulations which may incorporate Fuel Quality. The Fuel Quality Options Paper produced by the BSL Administrator and Advisory Panel has contributed to questions that will be asked in the consultation. BEIS is working with the Environment Agency (EA) to correctly define waste wood.

In addition to this, meetings were held last year with the industry to discuss the need to have a maintenance standard. This is in response to the Kiwa report which explained the best way to ensure boiler efficiency, is to have regular boiler maintenance.

BEIS reiterated that BEIS are currently considering the BSL Scheme novation into an organisation which is more industry led. It was added that the consultation regarding biomass combustion in urban areas which was due to be published in October 2018, is yet to be finalised. A Panel Member questioned if there were new Ministers reviewing the consultation documents and whether they are aware of the urgency. BEIS answered that, fortunately, Ministers have not changed.

The Chair asked if, since the election, priorities have changed, as Brexit was at the forefront. BEIS explained that climate change and the road to Net Zero is also the Government's priority.

6) BSL Post-RHI Strategy and Event

The Chair presented the strawman document and stated that it consists of recommendations submitted by the Panel regarding the future structure of the BSL, post-RHI closure.

The Chair explained that the paper focussed on the implications and constraints, encompassing high level considerations such as structure, legality and timeline.

BEIS are open to novate the BSL to a new organisation providing other value benefits to the industry. The new organisation could possibly be industry led and potentially include Fuel Quality, Non-Woody fuels and Installation Quality Standards.

It is envisaged that this new organisation would be not-for-profit and funded by the industry. The legal nature of the new organisation is yet to be determined. The structure may be similar to a Community Interest Company (CIC).

The Chair added that the decision to novate can be made without legislation. BEIS explained that changes to the Scheme do not need legalisation if only the legal structure is changing. Further changes (e.g. incorporating non-woody biomass) will require legislation. It was queried that, when the BSL Administrator contract to administer the BSL ends, a transition period to transfer the BSL contract will be needed. The BSL Administrator confirmed that it is due to end in June 2021.

A Panel Member drew attention to the ongoing issues with Short Rotation Forestry and suggested that the topic should also be included to the discussion of expanding the BSL scope. The Chair stated that post Brexit, there will be significant change in DEFRA and the agriculture industry. It was added that the industry will likely gravitate towards non-woody biomass due to the increase cost of woody biomass. A Panel Member asked if there had been any initial conversation with Sustainable Fuel Register (SFR) as they are a similar entity to the BSL. The Chair stated that with the changes to the wood fuel industry, it would be beneficial to speak with SFR imminently.

The Chair added that there is an opportunity to have a single legislative core for both quality and sustainability of fuel supplies which requires suppliers to participate. Expanding the BSL to offer other services such as being a leading hub for the biomass heating industry and the "go to" organisation for Government. The BSL could also offer hosting formal meetings with Government representatives. The Chair added that there is the ability to provide more cost effective, streamlined services e.g. doing a BSL, ENPLUS and audit of a supplier at the same time. It is known that there is no single organisation that provides a cross industry service which highlights an opportunity to act similarly to a Trade Association, as well as an education hub for end users. This could essentially reduce the cost to the industry, if a single entity offers multi-services.

The Chair suggested that the membership list could include fuel members, primary service providers (quality assurance organisations), installers, manufacturers, end users and secondary service providers (trainers, information providers and lobbyists).

The Chair discussed options around funding and suggested that the membership fees will provide a large bulk of the income for additional services. Secondary income would derive from services to primary suppliers.

A Panel Member brought attention to the discussion held at the 'Future BSL Structure Subgroup Meeting' for Panel to engage with key members in the industry about the proposed changes to the BSL. The Chair explained that the discussion should be held once there is an agreed route for the BSL. It was added that having a strategy event could allow the wider industry to provide suggestions and recommendations about the potential future scope of the scheme.

A Panel Member asked questions around how the changes to the structure of scheme will happen. BEIS explained that the first step would be for it to approve the novation plan and agree the structure, followed by an interim period for members to decide how to implement the structure. BEIS reiterated the need for the scheme to novate into a Community Interest Company (CIC). A Panel Member asked if the number of members buying BSL fuel would decline post RHI, and who would fund the scheme while it is going through changes? The BSL Administrator confirmed that BSL Administrator has previously gone through a novation process of changing a Government scheme into a charitable foundation, highlighting that it is more challenging to change the structure of a charity.

A Panel Member stated that there may be a challenge to get support from the industry for a not-for-profit organisation. BEIS highlighted that industry leading the scheme without the Government would be the key driver for longevity. Unlike the Microgeneration Certification Scheme (MCS) that novated after four years, the new structure of the BSL will need to be set up before 2021. A Panel Member added that the expansion of the scheme can take place over different periods.

The BSL Administrator stated its reluctance to communicate this to the public until BEIS has agreed the novation proposal. There is a need to manage expectation.

Panel Action 13-04	The Chair to amend the New BSL Structure strawman with relevant dates of novation, once confirmed by BEIS.
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Panel Action 13-05	The Panel to circulate the New BSL Structure strawman to industry contacts for comments, with a caveat that this is subject to minister's approval.
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7) BSL Administrator update

The BSL Administrator explained that it has included additional slides in the BSL Administrator update. It was explained that this update links in with the BSL fee structure paper. The BSL Administrator presented full scheme activity since January 2017, explaining regular peaks and troughs in activity. The applications submitted statistics were reviewed, including the total number of applications submitted in 2018 and 2019. It was explained that in the last two years the volume of applications has decreased. The total fuels on the BSL scheme decreased by 1,000 in 2019, however, the volume of helpdesk

enquires has remained consistently high. It was explained that the scheme mostly generates income from the application fees. Subsequently, income has been stunted.

The finance breakdown of 2019 was presented, verifying that the scheme is currently in a deficit. The BSL Administrator added that in April last year there was a spike in the level of service required which was outside the scope of what the BSL Administrator is contracted to deliver.

Currently, the scheme is running at a deficit (-£58,000) due to higher monthly costs since April 2019 based on:

- Additional Panel meetings,
- Production of additional high-level Panel Papers,
- Fuel Quality Options Paper,
- Waste Wood Options Paper,
- Internal training to ensure support is available during peak periods,
- Pre-novation project work for BEIS,
- Development and implementation of a reporting tool to support data reporting requirements,
- BSL Independent Audit.

It was explained that if the additional costs were removed, there would be a surplus for the scheme.

8) BSL Fees

The BSL Administrator presented the fee proposal paper and explained that the scheme may benefit if membership, application and tonnage fees were increased. There is the potential to increase the fees in line with Retail Price Index (RPI) or increasing the fees by 15%.

It was explained that it is difficult to forecast projected income, specifically from tonnage fees as the scheme relies on suppliers correctly declaring how much fuel was sold in the previous quarter. The BSL Administrator added that if the scheme continues to deliver additional services, the deficit is expected to increase in 2021. The BSL scheme cannot novate if it is in a deficit.

Another option would be to keep fees the same, coupled with scaling back the level of service. Chasing payments and removing suppliers is a resource intensive process with no guarantee of a return to cover the work required. The BSL Administrator explained that one measure to reduce time and cost on chasing outstanding payments from suppliers, would be to automate the removals process. If a supplier has not made their payment once the quarterly reporting period ends, the portal could be updated to recognise that a payment is missing and automatically remove the application. The supplier would then receive an email from the portal outlining this reason for removal.

The BSL Administrator asked the Panel to decide what route to adopt.

The Chair suggested that the BSL Administrator presents a full breakdown of each additional item cost as this would be helpful to understand, as the Panel were unaware of the cost earlier. The Chair

commented that the pre-novation work that was delivered by the BSL Administrator, should be funded by BEIS.

A Panel Member explained the need for the BSL Administrator to present the full breakdown of the incurred fees. The BSL Administrator highlighted that this could be covered in the proposed role of the 'Budgetary Control Officer' (BCO). This position would be privy to the full financial breakdown of the scheme and support the BSL Administrator in the development and monitoring of the scheme's financial budget.

The BSL Administrator confirmed that, going forward, the Panel will be advised on the time and cost of additional work before committing. It was highlighted that this may result in slight delays if this approach is adopted. A Panel Member stated that it should not fall on the Panel to make decisions about costs as the Panel does not have the power to decide what is chargeable. BEIS explained that the BCO would review costs and provide recommendations to the Panel and BEIS.

The BSL Administrator welcomed volunteers to take up the BCO role.

A Panel Member questioned why the tonnage sold has decreased. The BSL Administrator explained the reliance on suppliers declaring the amount sold. BSL Administrator stated that quarterly returns are checked when BSL Administrator audit suppliers and is part of the selection process of choosing a supplier for an audit.

Ofgem suggested that the data sharing agreement held with BSL Administrator could be explored, to see whether Ofgem could provide to the BSL Administrator the numbers of installations in which BSL numbers are used. This data could potentially be utilised by the BSL administrator to identify outlier cases where reported tonnages to the BSL administrator are low in comparison to the apparent usage under the RHI. It was agreed that the Panel should look at how to tackle fraud when a supplier deliberately records the total fuel sold incorrectly.

A Panel Member asked when the appropriate time will be to increase fees and BSL Administrator answered that April would be the best time this year to increase the fee as a number of Self-Suppliers have already started paying their annual membership fees. Communications would need to be sent out to all suppliers before there is an increase in fees.

A Panel Member suggested that members would not be happy with increasing fees by more than RPI, without outlining benefit values clearly.

A Panel Member nominated himself to take up the BCO position. A vote was taken, and it was agreed to appoint the Panel Member based on the updated Advisory Panel Terms Of Reference (V1.1). It was explained that this is a voluntary position and will be informally voted for every 12 months, during a Panel Meeting. The Chair added that the information obtained in the role is strictly confidential and cannot be shared with anyone. Questions were asked around how the BCO will share information with the Panel about value for money without breaching their contract by sharing information about the scheme's budget.

Panel Action 13-06	The BSL Administrator and Panel Member to discuss the 'Budgetary Control Officer' role.
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9) Self-Supplier Issues

At BSL Advisory Panel Meeting 11, a Panel Member took an action to discuss Self-Supplier issues and feed back to the Panel.

A Panel Member explained the wood fuel operation of a Self-Supplier from felling to drying, as well as information on record keeping and moisture content.

It was highlighted that it would be beneficial to cross reference the number of BSL Self-Suppliers that are claiming under the domestic RHI, to see a clear picture of how many suppliers will be impacted by the new regulations, if Fuel Quality is implemented. It was added that it may be beneficial for the Panel if Self-Suppliers' annual quantity figures were available for analysis. It was confirmed that these figures could be obtained from the commissioning report from the installers and in the BSL application.

The scheme usually loses sight of quality and sustainability with long supplier chains, but Self-Suppliers own the supply chain, woodland, wood fuel and installation. It was added that if Fuel Quality is incorporated in the scheme, it should be designed to minimise burden on smaller Self-Suppliers and acknowledge both the commitment to quality and the low risk that this group represents. This could be achieved through a de-minimis structure for volumes, and/or an exemption for Self-Suppliers that are not selling fuel.

There are uncertainties with ramifications of the Self-Supplier commitment to the BSL, once domestic RHI closes. A Panel Member explained that Self-Suppliers should be considered alongside future arrangements for the BSL Advisory Panel, because the outcome of the post-RHI arrangements will impact on the make-up and scope of a future BSL. He explained that once the RHI closes, Self-Suppliers are no longer bound by the BSL or equivalent standards.

A Panel Member highlighted that a Self-Supplier can continue to comply and pay membership fees for no benefit once the RHI closes (which is very unlikely), continue to use their biomass boiler without complying with the RHI and lastly, some suppliers may decommission boilers and go back to fossil fuels. A Panel Member reiterated that having extra criteria for small Self-Suppliers will cause an extra burden. The Chair mentioned that there are some Self-Suppliers who are not burning correctly, so including them to the Fuel Quality would ensure compliance.

A Panel Member raised that although domestic RHI is contracted to seven years, it was costed for a 20-year lifespan and may be a commitment in their contract to keep their boiler for 20 years and remain compliant. The Panel Members registered to the RHI were unsure about this clause.

A Panel Member recommended that after the seven-year RHI contract, the Government can decide to extend their contract or offer another incentive. A Panel Member explained that burning pellets is more

expensive than burning oil. The industry wants to increase the number of biomass installations but there is no mechanism in place post-RHI closure.

The Chair suggested that Fuel Quality should have a different set of criteria for different sized boilers. A Panel Member explained that the Fuel Quality Options paper references complex requirements for Self-Suppliers. The Chair confirmed that the Options paper was not definite, it merely acted as a support document for the consultation.

A Panel Member confirmed that the Committee of Climate Change (CCC) is publishing a Land Use report that explains how bio energy is beneficial for Net Zero UK.

10) BSL Trader Issues

Due to time constraints, this item was postponed. The paper is available on Huddle and comments are welcomed.

Panel Action 13-07	All Panel members to review the BSL Trader Issues paper and provide comments before the next Panel meeting in April 2020.
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11) Waste Wood

Due to time constraint, this item was postponed. The paper is available on Huddle and comments are welcomed.

Panel Action 13-08	All Panel members to review the waste wood paper provided by the Environment Agency and provide comments before the next Panel meeting in April 2020.
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12) BSL Independent Audit

The BSL Administrator confirmed that an independent audit of the scheme was conducted by EnviroSense in September 2019. The auditors spent a week auditing BSL Administrator, seeing how applications are assessed and making sure information gathered complies with RHI Sustainability criteria. A report was produced which captured recommendations and any areas of improvement. It was noted that there were no failures/major non-compliances, but a set of partial non-compliances were raised. These highlighted areas where process improvements can be made. The recommendations were shared with BEIS and there is a decision that the changes could be added to the novation plan. The audit offered confidence that the BSL scheme is compliant.

13) BSL Panel Vacancy

The BSL Administrator explained that there is an opening for the 'Trader' position and as the Panel has reached the maximum capacity of members, it was decided to appoint existing members to represent

the role. Slido, a voting platform, was used to cast votes and a 24-hour window was applied for members to cast their vote. It was noted that if a member does not attend three consecutive meetings, their Panel membership may be removed.

Post meeting note: Panel Member has been selected to represent Traders on the BSL Panel.

14) AOB

No items were discussed due to time constraints.

Appendix A

Member name	Organisation
Adrian Fox (AF)	National Trust
Andrew Hopton (AH)	HETAS
Christabel Monday (CM)	Gemserv
Emanuela Arvati (EA)	BEIS
Helen Bentley-Fox (HBF)	Woodsure
Imogen Jamie (IJ)	Gemserv
James Little (JL)	Energy Solutions Consulting Ltd
Julia Turner (JT) <i>(dialled in)</i>	Wood Recyclers Association (WRA)
Julian Morgan-Jones (Chair)	South East Wood Fuels (SEWF)
Luke Bailey (LB)	Ofgem
Malcolm Snowie (MSn)	Scot Heating Company
Mark Appleton (MA)	AMP Clean Energy
Mark Sommerfield (MS)	Renewable Energy Association (REA)
Neeraj Vasani (NV)	Gemserv
Richard Coulson (RC) <i>(dialled in)</i>	RWE
Ross Lowrie (RL)	n/a (Self-Supplier)
Timothy Mack (TM)	Forestry Manager on Elderslie Estate
Tunde Ojetola (TO)	BEIS
Apologies	
Amanda Calvert (AC)	Small Woods Association
Andrew Heald	Confor
Andrew McFadzean	JM Envirofuels Ltd - Jack Moody Group
Daniel Kinash	New Forest Energy Ltd
Duncan MacKinnon	Tilhill Forestry
Ian Tubby	Forestry Commission England
Jason Hubert	Forestry Commission Scotland
Lucy Clark	LC Energy Ltd
Paul Gibbon	Mistral Energy