

## BSL Advisory Panel – Final Minutes

### Meeting 15

<b>Time and date</b>	11:00 – 15:00, Wednesday 24 <sup>th</sup> June 2020
<b>Venue</b>	Conference Call
<b>Date of Issue</b>	Wednesday 1 <sup>st</sup> July 2020

#### 1) Welcome and Housekeeping

The Chair welcomed the Panel Members and introduced the new Panel Member representing Fuel type – Pellets. The BSL Administrator advised of the teleconference etiquette for the meeting and the Chair confirmed the agenda.

#### 2) Approval of Minutes

The BSL Administrator advised that comments on the Draft Minutes of Panel 14 had been received from Ofgem on the respective item. Amendments have been implemented and saved as version 1.1.

No further comments were received, and the minutes were approved as an accurate record of the meeting.

#### 3) Review Outstanding Actions

BSL Administrator presented the outstanding actions. No further comments or updates were provided.

<b>Panel Action 15-01</b>	BSL Administrator to circulate the waste wood and fuel quality documentation to Panel Member.
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#### 4) BEIS Update

BEIS presented the Department for Business, Energy and Industrial Strategy (BEIS) Update slides. It was advised that numerous individuals within the relevant BEIS team had been transferred to support the Government's COVID-19 (Coronavirus) response programme; hence, many BSL Panel actions for BEIS will be considered post-COVID-19.

<b>Panel Action 15-02</b>	BEIS to share the BEIS Update presentation with the BSL Administrator, to be circulated to the Panel.
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It was advised that BEIS has three key open publications which apply to the BSL Panel: “Non-domestic Renewable Heat Incentive: ensuring a sustainable scheme”; “Future Support for Low Carbon Heat”; and “Response to the Renewable Heat Incentive: biomass combustion in urban areas”. The first two of these consultations close on 7<sup>th</sup> July 2020. The current aim is for the Non-domestic Renewable Heat Incentive (NDRHI) to close to new applicants on 31<sup>st</sup> March 2021, and on 31<sup>st</sup> March 2022, Domestic Renewable Heat Incentive (DRHI) will close to new applicants.

BEIS explained that the NDRHI consultation captures fuel quality based on the urban biomass consultation. BEIS is looking into introducing fuel quality as a third criteria for Suppliers, going forward. The consultation captures waste wood and BEIS has stated that pre-consumer waste wood should be the only type allowed to claim RHI. BEIS is working to define pre-consumer waste wood so there is unanimity across the industry. The consultation also captures a boiler maintenance standard, with which the BSL Panel has been involved.

With regard to BSL Novation, BEIS confirmed that the intention is for BEIS to firstly re-tender for the BSL Administrator contract, which ends in June 2021. BEIS aims to begin transferring the BSL contract to a non-Government department by the end of the new Administrator’s contract.

BEIS also intends to amend the BSL Terms to future-proof the scheme with an audit regime that ensures compliance. This will provide assurance that the budget spent on RHI is being utilised adequately and that air quality requirements are fulfilled.

The amendment to the BSL Terms will also strengthen the governance of the scheme by introducing a sub-committee to consider scheme finances. The Advisory Panel is linked to the BSL Administrator and BEIS therefore intends to determine and commence the contract for the new Administrator prior to addressing the constitution of the Panel, including whether an installer representative is required. It was advised that this plan would overwrite the biennial election cycle (for which an upcoming election would have taken place in November 2020) and postpone the next Panel election until completion of the re-tender process.

Panel Members were asked for their agreement to extend their Panel membership until following the completion of the re-tender of the Administrator contract. There were no objections.

The Chair confirmed to BEIS the unanimous agreement of the Panel to postpone the next election process and remain representatives until this point.

One Panel Member commented that the BSL Terms of Reference does not include future considerations regarding key aspects of net zero targets such as air quality. BEIS confirmed that the role of the Panel is two-fold: advising on the day-to-day running of the scheme and providing industry intelligence. The future support mechanism is being considered by BEIS.

One Panel Member commented that synonymity is yet to exist between definitions of waste wood owned by BEIS and those from the Department for Environment, Food and Rural Affairs (DEFRA)/the Environment Agency (EA). For example, there is uncertainty around the Publicly Available Specification

(PAS) 111<sup>1</sup> standard for Part B permit and clean untreated pallets. It was commented that Grade A must be linked to PAS 111 rather than the International Organisation for Standardisation (ISO) standards 17225 A1 and A2<sup>2</sup>.

<b>Panel Action 15-03</b>	BSL Administrator to share the difference between PAS 111 A1 and A2, and the ISO standards 17225 with BEIS.
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One Panel Member commented that, upon receipt of a BSL number, a consumer of biomass may not be certain that the waste is approved for their boiler. It was suggested that to mitigate this risk, a waste BSL number could be linked with an Ofgem approval process and a permit. The Panel Member confirmed this feedback will be included within its organisation's consultation responses. BEIS agreed to address this with the EA.

BEIS provided an update on the Clean Heat Grant referenced in the Future Support for Low Carbon Heat consultation. It was advised that BEIS is requesting Panel views on the Clean Heat Grant value, the flat rate of £4,000 and the capacity cap at 45kW.

#### **5) BEIS NDRHI Consultation**

One Panel Member questioned why the fuel quality and waste wood rules do not appear to be applied to Combined Heat and Power (CHP) installations within the consultation and advised there should be parity across all technologies that use the same fuel. It was commented that a CHP system that receives RHI payments would not have all the extra requirements, and that the same rules would therefore not apply. One Panel Member commented that burning waste wood fuel should be based on a clear permit mechanism. It was agreed that the waste wood information included in the consultation is not clear, specifically in terms of its definition and who is affected.

One Panel Member noted that the WRA consultation response recommends for a quality standard to be implemented. It was agreed there should be a fuel quality audit. The BSL Administrator suggested that the BSL website 'Find a fuel' page could list what fuel can be used and in which boiler, which can then determine audits. BEIS agreed that BEIS will share the BSL Panel's feedback as part of the ongoing waste wood discussions with DEFRA.

<b>Panel Action 15-04</b>	BEIS to meet with DEFRA to discuss waste wood issues.
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<sup>1</sup> [BSI PAS 111: Processing wood waste](#)

<sup>2</sup> [\(ISO\) standards 17225 A1 and A2](#)

The Panel agreed for the historic paper on waste wood to be submitted to BEIS as part of the Panel consultation response, to address the waste wood issues.

BEIS and the BSL Chair highlighted the importance of Panel Members submitting their feedback.

## **6) BEIS Future Support for Low Carbon Heat Consultation**

The BSL Chair confirmed that few aspects of the consultation concern biomass specifically. There are few actions to encourage more biomass solutions or provide continuity for the BSL. Instead, the steps will reduce the income for Suppliers and minimise the need for the BSL. It was commented that the consultation does not support the continuance of biomass or the BSL service.

One Panel Member noted the grant provides only 20% of domestic RHI for a property. The aid from the grant makes biomass installations entirely unaffordable and is banned for urban areas, severely limiting biomass deployment and fuel.

One Panel Member noted industrial fossil fuel sites will need a suitable replacement given the structure of the sites, and biomass is the most suited. The BSL Chair referenced the Industrial Emissions Transformation Fund (IETF) available. It was commented that there may be other announcements for other grants for larger scale heat decarbonisation and on-grid industrial processes. However, this consideration is outside of the scope of the consultation and associated BSL response.

One Panel Member summarised its organisation's response to the consultation and commented that the grant will be unable to support even the niche situations in which biomass installations are allowed. The response has detailed three requests. The first is to raise the cap of 45kW and, secondly, the grant level, as this currently does not help biomass installations above 10kW. The suggestion is to change it to a flexible grant based on pounds per kW and based on heat loss assessment, for example at a rate of £280/kW. Thirdly, it is suggested for tight maintenance and emissions standards to be implemented based on urban biomass rather than an outright ban on urban biomass projects.

One Panel Member noted there needs to be a focus on the future of biomass fuels in boilers. It was commented that a grant-based mechanism is difficult when considering ongoing compliance.

The BSL Chair invited Panel Members to consider the four following points specified within the BEIS Update presentation:

1. How to work with industry to maximise the effectiveness of the grant for biomass.
2. What support does the supply chain require as we transition from the RHI to the new scheme?
3. Ways to ensure ongoing compliance with fuel sustainability and quality requirements following the redemption of a grant.
4. Please provide views on what a suitable heat loss calculation would be to ensure biomass is targeted at 'hard-to-treat' properties.

For the first question, the BSL Chair confirmed that BEIS will need to work with the BSL and target improvement areas. In response to the second question, one Panel Member confirmed an RHI extension is required to bridge the gap between the end of the RHI and the Clean Heat Grant scheme.

For the third question, there was discussion around Suppliers found to be burning incorrect fuel knowingly. It was suggested these Suppliers should be fined, with the onus placed on BEIS to facilitate public education around what consumers are permitted to do.

The Panel considered that there has been a sudden and unexplained change in views towards wood heating.

One Panel Member commented that BEIS aligns with the Climate Change Committee recommendations on air quality and biomass. The intention is not to target funds towards biomass in urban areas, because this is due to receive future funding around decarbonisation.

<b>Panel Action 15-05</b>	BSL Panel Members to upload their feedback on the open BEIS consultations into the relevant Huddle workspaces by 30 <sup>th</sup> June 2020.
<b>Panel Action 15-06</b>	BSL Administrator to use Panel Members' written and verbal feedback, where provided, to produce an independent BSL Panel response to the open BEIS consultations.

## 7) Amendment to BSL Panel Terms of Reference

BSL Administrator presented the proposed changes to the Terms of Reference, which had been updated to v1.1 to include the role of the Budgetary Control Officer and clarification around the definition of 'Member'.

The former amendment provides a description of the Budgetary Control Officer role and it was agreed to add in further wording to the final sentence of the section to state, "confidential between the BSL Administrator and the Budgetary Control Officer".

The latter amendment details that representatives of BSL Suppliers, fuel types and raw materials must have a BSL fuel account. Following the BEIS update where it has been agreed to postpone the election process, it was agreed to remove the amendments to v1.1 of the Terms of Reference around the 'Member' definition clarification.

The Chair asked the Panel to vote on implementing v1.1 of the Terms of Reference incorporating the aforementioned amendments.

The BSL Panel unanimously agreed for v1.1 of the Terms of Reference to be issued, subject to the agreed amendments.

<b>Panel Action 15-07</b>	BSL Administrator to issue the Terms of Reference v1.1, excluding the clarification around the definition of 'Member' and with the added confirmation of confidentiality within the Budgetary Control Officer section.
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## **8) Ofgem Update**

BSL Administrator presented the Ofgem updates provided outside of the meeting.

The Panel was informed that, on 23<sup>rd</sup> June 2020, a meeting took place between the BSL Administrator, Ofgem to discuss data sharing around audits. Based on BSL Administrator referrals, Ofgem has conducted six targeted audits. The findings of these depict discrepancies between what fuels Suppliers declare are being burnt compared to the reality.

The meeting included discussion of the current audit data sharing process and it was agreed this is productive and to be continued. Going forward, BSL Administrator referrals will continue to feed into Ofgem's targeted audit program. It was agreed to aim for a follow-up session to take place in around six months.

It was advised that, following the meeting, Ofgem had considered whether future information sharing could involve the EA. This could build on the Data Sharing Agreement already in place between Ofgem and the EA.

The Ofgem update concluded that Ofgem is producing a response to the Government consultations for RHI and Future Support for Low Carbon Heat. Regarding Ofgem's COVID-19 response, the first site audits carried out on the NDRHI took place the previous week. There continues to be a reduced Ofgem service, however with a gradual return towards business as usual, and home working to be expected to continue for the near future.

## **9) BSL COVID-19 Survey 2 Results**

The BSL Administrator presented the results from the second BSL survey issued regarding the impacts of COVID-19 on biomass supply chains. It was advised that 181 responses were received to the second survey; however, there were different response rates for questions due to not all questions being mandatory and 'skip logic' being employed to prevent respondents from being asked questions not relevant to them (based on previous answers).

There was an overall positive response regarding the level of Government advice provided for both employers and employees. In response to questions on the impact on demand for woodfuel, the majority of respondents stated they believed there would be no impact, with comments provided suggesting the normal seasonal weather and associated demand patterns will have more of an impact than COVID-19. Anticipated demand for woodfuel in Winter months signified no change and the same majority response was provided for the supply of woodfuel in both upcoming and Winter months. The question regarding the impact for demand and supply of waste wood also received a majority answer of no change anticipated.

The BSL Chair suggested the frequent result of the majority of responses confirming, 'no change anticipated' could be due to the answer provided by Self-Suppliers participants, due to this Supplier type comprising the majority of respondents. It was agreed for the BSL Administrator to investigate the

possibility of and value in analysing the responses for these questions with the Self-Supplier data removed. Additionally, it was suggested it could be helpful to look for trends based on regional differences.

<b>Panel Action 15-08</b>	BSL Administrator to investigate the possibility of and value in analysing the responses to the second COVID-19 survey with the Self-Supplier data removed and by region.
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In response to whether more support could have been provided for the biomass industry, respondents suggested further help could include increasing and improving the RHI scheme; issuing grants and loans for those who risk business closure; and for the furlough scheme to continue. The majority of respondents had not applied for the benefits grant or loan scheme during lockdown and there was an overall positive response regarding the available Government support provisions. Some comments had been submitted on the difficulty of completing applications and rejections being received for grants.

Panel Members thanked the BSL Administrator for the issue and analysis of the second survey and commented that it has been helpful for wider industry bodies. Panel Members were asked to share the results with any relevant contacts or wider parties, and it was agreed for the BSL Administrator to officially share the initial results, and any further analysis, with BEIS and DEFRA.

It was agreed it could be valuable for the Panel to revisit the topic and survey in the final quarter of the year, to consider the longer-term impact of Coronavirus, particularly over the Winter months.

<b>Panel Action 15-09</b>	BSL Administrator to share the initial results, and any further analysis, of the second COVID-19 survey with BEIS and DEFRA.
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## 10) BSL Administrator Update

BSL Administrator presented the BSL Administrator Update paper, advising that the helpdesk queries displayed in Figure 1 signify a high number of emails and fewer telephone calls received within the period due to 35-100 calls being made outside of helpdesk hours per month. In terms of applications submitted, the trend was the same for January to May 2020 as compared to the same period in 2019; however, in March 2020, the number of applications submitted declined. The overall number of BSL authorised fuels in 2020 were around 1,000 less than for the same period in 2019.

It was advised that for the first quarter of 2020, the greatest amount of fuel sold to consumers was included in the chip category, and the greatest amount sold to industry was included in the pellet category.

Audit requirements are for 6% of fuels on the scheme to be audited each year. It was confirmed that, since the start of the scheme, 24% of fuels have been audited.

The BSL Chair noted that the numbers of Self-Supplier applications are increasing, and the numbers of Trader applications are decreasing. The BSL Administrator suggested that, during lockdown, more people have had more time to complete applications, respond to BSL Helpdesk emails and complete application payments. It was advised that the BSL Administrator also removed a significant number of applications in the final months of 2019. The majority of these were for Self-Suppliers due to non-compliances being incurred from fees not being paid. These Suppliers will have had to re-apply to continue to have their fuel registered on the scheme.

### **11) Proposal to Change Audit Ratios**

The BSL Administrator presented the proposal to change the audit ratios paper. Figure 1 displays the current audit ratios and it was advised that, during lockdown, only desktop audits were being undertaken. Current ratios for desktop audits are seven for Self-Supplier and nine for Commercial Suppliers. For site audits, this is zero for Self-Suppliers and five for Commercial Suppliers. The desktop audit results show that Self-Suppliers have approximately half as many non-compliances as Commercial Suppliers. One Panel Member noted that a quarter of non-compliances are major non-compliances at desktop audit and, therefore, three quarters consist of minor non-compliances for desktop audits. Whereas for site audits, the ratios between minor and major non-compliances are more equal.

BSL Administrator confirmed that the recommendation is to reduce the numbers of Self-Supplier audits by 50% and add these numbers into the Commercial Supplier audit numbers. BSL Administrator noted that the percentage to be audited is broken down in the BSL contract and therefore requires BEIS' authorisation to amend. It was commented that the altered ratios would increase the amount of biomass that is audited due to Commercial Suppliers holding a greater quantity of fuel.

BEIS commented that the recommendation appears prudent and agreed to enquire as to whether the contract would allow the audit percentages to be amended.

<b>Panel Action 15-10</b>	BEIS to enquire into whether the BSL audit percentages can be amended and inform the BSL Administrator.
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### **12) AOB**

The Chair invited any other business. There were no further items and the Chair thanked Panel Members and closed the meeting.

The next meeting of the Panel will be held on 14<sup>th</sup> October 2020.