



A simple guide to the Renewable Heat Incentive

The Renewable Heat Incentive (RHI) is a new Government environmental programme designed to increase the uptake of renewable heat technologies by providing incentive payments to eligible generators of renewable heat for commercial, industrial, not for profit and public sector purposes and to producers of biomethane. This will contribute towards the Government's target (as set under the 2009 EU Renewable Energy Directive) of 15 per cent of total UK energy consumption being generated from renewable sources.

The Gas and Electricity Markets Authority (Ofgem) is responsible for implementing and administering the RHI on behalf of the Government. Our functions include accrediting eligible installations, making payments to participants, monitoring compliance and undertaking inspections to ensure the scheme conditions are being adhered to. We are also responsible for providing guidance to participants and prospective participants to assist them in understanding how to apply for the scheme and how to demonstrate compliance with both the RHI eligibility criteria and participants' ongoing obligations under the scheme.

Ofgem is not in a position to provide technical and legal advice to prospective participants. In advance of making an application, applicants interested in heat pumps are advised to contact Geothermal International for expert advice and guidance.

General eligibility:

The following key criteria have to be met in order to be eligible for the RHI. This is not an exhaustive list – please refer to the Guidance document for detailed eligibility criteria specific to your installation.

- ✓ the installation must be of an eligible technology type and size.
- ✓ the plant must have been completed and first commissioned on or after 15 July 2009
- ✓ the heat for which the RHI is being claimed must be being used for an eligible purpose.
- ✓ no grant from public funds can have been paid in respect of any of the cost of purchasing or installing the technology
- ✓ the plant must be new at the time of installation
- ✓ the heating system to which the installation provides heat must use a liquid or steam as the heat delivery medium
- ✓ for installations of 45kWth and below, both the equipment and the installer must be certified under the MicroGeneration Certificate Scheme (MCS) or an equivalent scheme (some exceptions do apply)
- ✓ only installations which do not serve a single domestic premises are eligible for the RHI in the first year. The RHI will be extended to include installations serving individual households in autumn 2012, in line with the launch of the Green Deal.

Eligible Technologies:

The following technologies are eligible for support under the RHI. Please refer to Guidance document for further technology specific eligibility criteria.

Ground and water source heat pumps	All Scales
Geothermal	All Scales
Solar thermal	Under 200 kWth

Heat use:

The heat generated by the installation must be used for the following purposes: space, water or process heating. The heat must be used in a building. Please refer to our Guidance for more information on the types of structure which may meet the definition of 'building' for these purposes.

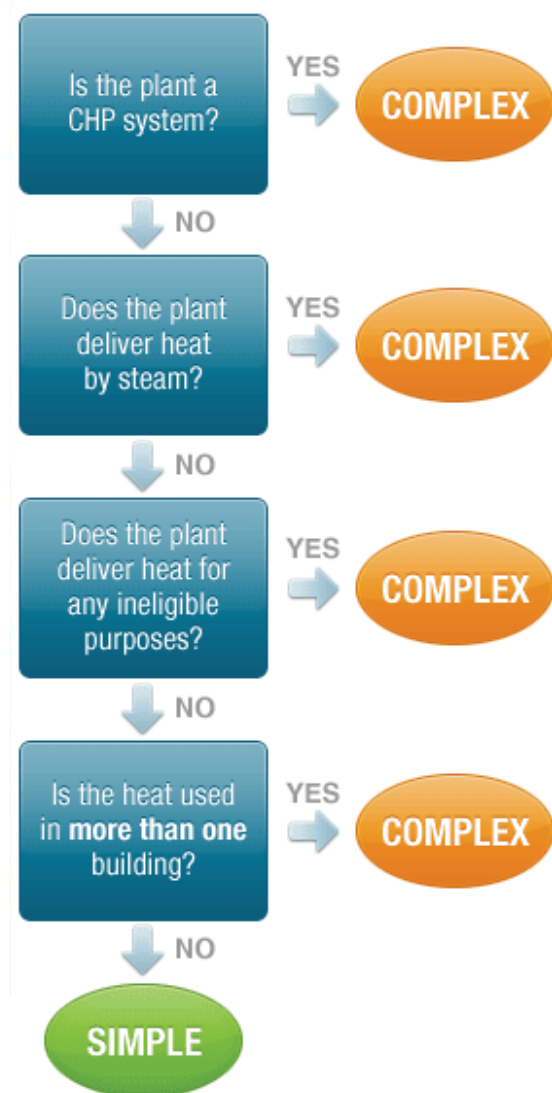
Metering:

In order to us to calculate your quarterly payment, you must be able to provide us with meter readings that show the amount of eligible heat that has been generated in the relevant quarter. Your installation must have at least one heat or steam meter of appropriate type.

All heat and steam meters used for RHI purposes must meet certain standards to ensure readings are relevant and accurate. Please see the Guidance document for further details.

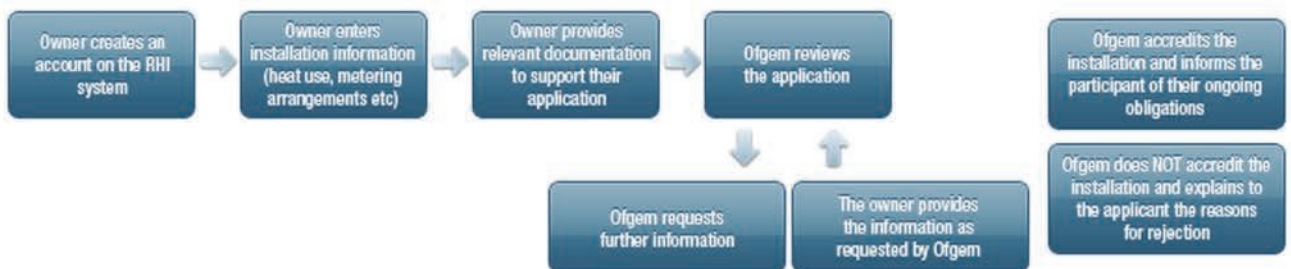
Different metering requirements will apply depending on whether your system is simple or complex. This is illustrated below:

Ground Source and Air Source heat pump systems will be classified as 'simple'. You will only be required to meter the renewable heat generated by the installation. If your system is considered 'complex' meters will need to be placed to measure three quantities: the heat generated by the eligible installation; the total heat generated by all plants supplying heat to the heating system of the installation of which the installation forms part; and the heat used for eligible purposes by the heating system. For further information please refer to the guidance document.



If you want to become a participant in the RHI, you will need to apply to Ofgem for accreditation. Only the owner of an installation is able to apply for accreditation onto the scheme. Please refer to our Guidance for more information on who constitutes an owner for RHI purposes.

In order to apply for accreditation online, you will need to create an account with the Ofgem RHI website. You can then to apply for accreditation onto the scheme. You will be required to supply details about your installation, heating system and heat use. Paper application methods will be available for prospective participants who are unable to use the internet. The diagram below provides an overview of the process:



Ongoing Obligations:

All RHI participants, including biomethane producers, need to comply with ongoing obligations in order to remain eligible for support under the scheme. As part of these, in most cases you will need to provide meter readings on a quarterly basis to us and submit an annual declaration which confirms that you have complied, and will continue to comply, with your ongoing obligations for the previous and future year.

If you own a certain bioenergy installations you will need to provide us with ongoing information on your fuel use. Sustainability reporting on your fuel and feedstocks will be required on a quarterly basis if your installation is larger than 1MW.

Payments:

Payments are calculated by multiplying the appropriate tariff for your installation by the amount of eligible heat generated (although the calculation for complex installations includes other factors). You will be paid on a quarterly basis, in line with the date of your accreditation onto the scheme. The timing of your payment will depend on when you provide us with your periodic data for the relevant quarter. You will not receive your payment until we have received periodic data for the quarter.

Level of support			
Tariff Name	Eligible Technology	Eligible Sizes	Tariff Rate (pence/kWh)
Small ground source	Ground source heat pumps; Water source heat pumps; Geothermal	Less than 100kWth	4.5
Large ground source	Ground source heat pumps; Water source heat pumps; Geothermal	100kWth and above	3.2
Solar Thermal	Solar thermal	Less than 200kWth	8.5

Compliance, inspection, dispute resolution:

Ofgem is responsible for monitoring compliance with the scheme. We may take appropriate enforcement action against participants who are found to be breaching their ongoing obligations under the RHI.

If you are unhappy with our administration of the scheme or disagree with a decision which we have made in the exercise of our functions under the RHI Regulations, you will be able to raise a complaint or request a review of the decision.

Further Information:

If you are interested in applying for a heat pump scheme, please contact Geothermal International at:

Head office

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Installations supplying a single domestic premise will be able to apply for the RHI from autumn 2012. In the meantime, DECC are launching the Renewable Heat Premium Payment (RHPP) for domestic renewable heat generators.

This scheme will provide householders with a one-off payment towards the cost of installing an eligible renewable heat technology. The RHPP is being administered by the Energy Saving Trust (EST) and runs from 1 Aug 2011 to 31 March 2012. If support is received under the RHPP the generator will also be able to apply for support under the RHI when it is extended to domestic participants. There may, however, be additional eligibility Criteria that need to comply with before the applicant can be accepted onto the RHI.

Key Documents:

For further information about the scheme, please refer to the following documents:

RHI Regulation - These provide the legislative basis for the administration of the scheme. Available at legislative.gov.uk

RHI Policy document - This provides information on the government policy underpinning the RHI. Available at www.decc.gov.uk/rhi

RHI Fact Sheet - An introduction to the RHI which also explains the role of Ofgem with respect to the RHI and RHPP. Available at www.ofgem.gov.uk/rhi.

Draft RHI Guidance document (please note the document may be subject to change due to current consultation, which closes on 5th August 2011) - this provides information on the administrative arrangements for the scheme, including how to apply, ongoing obligation and compliance and review procedure. Available at www.ofgem.gov.uk/rhi.