

What is the Renewable Heat Incentive?

The Renewable Heat Incentive is a government scheme for England, Scotland and Wales from the Department of Energy and Climate Change, offering a financial incentive to adopting renewable technologies for the generation of heat used in domestic homes, public buildings, businesses and factories.

Who does it apply to?

The scheme is of direct relevance to Organic Energy's domestic and business customers, and it will apply to domestic heat generation, communities and district heating projects, the public sector, not-for-profit organisations, businesses and industry.

How will the RHI be implemented?

There will be two phases to the scheme. In phase one, to be launched in July 2011, tariff based support will be offered to the non-domestic sector, and *Renewable Heat Premium Payments* for the domestic sector, of £950.00 for wood pellet boilers, and £300.00 for solar thermal installations. Phase two will see the introduction of tariff support for the domestic sector in 2012.

Is my installation eligible for the RHI scheme?

Wood pellet boilers and solar thermal heating are both eligible for the scheme, and all qualifying domestic and non-domestic installations commissioned on or after the 15 July 2009 can receive support.

The heat produced must be usable and useful heat used for space, water or process heating. The heat must be supplied to meet an economically justifiable heating requirement. Heat used for cooling is also eligible.

Equipment and installers must be MCS or Solar Keymark accredited. Installations commissioned after 15 July 2009 are eligible provided that the system has certified status at the time the RHI scheme starts, and as long as the installer of the product was certified at the time of the installation.

Who is administrating the RHI, and how can I apply?

Ofgem are administrating the scheme, and they will publish details on when organisations may apply for support online once the scheme is introduced. Agents, suppliers and third parties can not apply on behalf of a client, and all applications must be made by the owner of the installation. In the case of hire purchase or similar arrangement, the owner is deemed to be the operator of the installation, even though they are not the legal owner in the contract.

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What are my obligations under the scheme?

All changes must be reported to Ofgem, equipment must be maintained in line with manufacturer guidelines, and evidence of maintenance work must be kept. Both routine and ad-hoc inspection may be required, and a schematic of the plant will be necessary. Ofgem will also be collecting data regarding your installation and energy use in order to tailor future policy.

What if I have multiple renewable energy installations?

A single RHI installation is one or multiple units of the same technology connected to a common heating system. Wood pellet and solar thermal systems will be treated as separate installations. If additional capacity of the same technology is added to an existing installation within 12 months of the original commissioning date, it will be treated as a single installation, otherwise the additional capacity will be treated separately and receive the current tariff level.

Can I replace an existing scheme that was installed prior to 15 July 2009?

Yes, a replacement renewable heating system for one installed before the 15 July 2009 will be eligible.

I have been in receipt of other public funding since the 15th July 2009

If you have received public funding for the installation between 15 July 2009 and the point at which the RHI regulations come into force, then RHI support will only be available if this is paid back, and no further public funding is received.

How will my renewable energy output be monitored?

Heat meters will need to be installed at the point of generation, which must meet the Class 2 requirements listed in Annex MI-004 of the EU Measuring Instruments Directive (MID) 2004. Evidence of meter maintenance and calibration must be kept and shown to Ofgem on request.

What tariff will I receive?

Tariffs are calculated by multiplying the tariff rate by the kWh of heat output from your system. For wood pellet boilers there are two levels to this, known as tiers. Up to 1,314 hours of peak load, which is the maximum power rating of your system, the rate is 7.6p per kWh of useful heat. After this point, the rate drops to 1.9p per kWh. For solar thermal, the rate is 8.5p per kWh of useful thermal heat produced.

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These rates are applicable to systems rated at less than 200kW. Tariffs will be paid for a 20-year period, paid at quarterly intervals. More information on application and payments will be announced in May 2011.

The following table shows the amount of incentive your ÖkoFEN wood pellet installation would receive over a one year period, using an average fuel consumption figure of 400kg/kWth/year, and based on prices of £230.00 + VAT per tonne of fuel delivered via the blown system.

Boiler Rating kWth	Mass of Pellets (estimated) per year	Incentive received for the year	Pellet cost (blown)	Pellet cost + domestic VAT at 5%	Pellet cost + business VAT at 20%
8	3.2 tonnes	£ 903.18	£ 736.00	£ 772.80	£ 883.20
12	4.8 tonnes	£ 1354.78	£ 1104.00	£ 1159.20	£ 1324.80
15	6 tonnes	£ 1693.47	£ 1380.00	£ 1449.00	£ 1656.00
20	8 tonnes	£ 2257.96	£ 1840.00	£ 1932.00	£ 2208.00
25	10 tonnes	£ 2822.45	£ 2300.00	£ 2415.00	£ 2760.00
32	12.8 tonnes	£ 3612.74	£ 2944.00	£ 3091.20	£ 3532.80
36	14.4 tonnes	£ 4064.33	£ 3312.00	£ 3477.60	£ 3974.40
48	19.2 tonnes	£ 5419.10	£ 4416.00	£ 4636.80	£ 5299.20
56	22.4 tonnes	£ 6322.29	£ 5152.00	£ 5409.60	£ 6182.40

Where can I get more information?

More information will be available from the Government in May 2011. If you have any questions, please don't hesitate to get in touch with Organic Energy via the contact details shown below. Alternatively, there is more detailed information available online at the Department of Energy and Climate Change website:

http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/renewable/policy/incentive/incentive.aspx

They are also inviting comments and queries addressed to:

rfi@decc.gsi.gov.uk

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