

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. It will provide a financial incentive to adopting renewable technologies for the generation of useful 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, tariff based support will be offered to the non-domestic sector, which will range from large-scale industrial heating to small business and community heating projects. There will also be *Renewable Heat Premium Payments* of for the domestic sector, of £950.00 for wood pellet boilers, and £300.00 for solar thermal installations. This is aimed to subsidise the cost of installing renewable heating systems. Phase one has now been launched and you can apply via Ofgem. If you are a domestic customer then you can apply for the RHPP.

Is my installation eligible for the RHI scheme?

Wood pellet boilers and solar thermal heating are both eligible for the scheme. Installations with a capacity of up to and including 45kWth must be certified under the Microgeneration Certification Scheme (MCS) or equivalent. Above this rating, eligibility will be based on the required documentation provided by RHI applicants as part of the accreditation process.

All qualifying domestic and non-domestic installations commissioned on or after the 15 July 2009 are eligible. For new installations, *Preliminary accreditation* will mean that an organisation can submit plans and evidence demonstrating that once built, it will meet the eligibility criteria.

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.

All of the parts to the renewable heating installation which are required for it to deliver heat must have been in place by the 15 July 2009; however, adding non-essential elements to the system will not affect the first commissioning date.

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Equipment and installers must be MCS or equivalently certified. Non-domestic eligible installations completed and first commissioned on or after 15th July 2009 are eligible provided that the renewable heating product has MCS certified or equivalent status at the time the RHI scheme starts, and as long as the installer of the product was MCS certified or equivalent at the time of the installation.

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

Ofgem are administering the scheme, and you can apply via the link at the end of this factsheet. 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.

My scheme is under hire purchase or similar arrangement

In the case of hire purchase or similar arrangements, the owner is deemed to be the operator of the installation, even though they are not the legal owner in the contract.

What are my obligations under the scheme?

You must report all changes to an accredited installation, including change of ownership. Participants will be required to maintain their equipment in line with manufacturer instructions and keep evidence of maintenance. An annual declaration is required, stating that the installation is still eligible, and participants must allow routine and ad-hoc inspection. Ofgem will require submission of a schematic diagram of the plant, including details of the location of meters and associated components. The cost of providing this information will be borne by the participant. You will also be required to provide Ofgem with data in return for the financial incentives, including installation details, cost, heat generated, demographics, the old heating type used, and information on fuels. This will be used to tailor future policy development.

What if I have multiple renewable energy installations?

A single RHI installation can be comprised of one or multiple units of the same heating technology connected to a common heating system. Different renewable technologies on a single site will be treated as separate installations. If additional capacity of the same renewable technology is added to the installation, the extra tariff may or may not be claimed, but either way it must be reported to Ofgem. If the additional capacity is commissioned within 12 months of the original installation, it will be treated as a single installation, otherwise the original installation will continue to be treated as before and the additional capacity will be rewarded on the basis of the total capacity of the installation and will receive the current tariff level.

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

Yes, renewable heating systems that replace an existing renewable heating system that was installed before the 15 July 2009 will be eligible for the RHI.

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

If you have received public funding for the installation between the 15th 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. If the project receives other public funding after that date, it will not be eligible for RHI support and cannot become eligible by paying it back.

How will my renewable energy output be monitored?

Heat meters will need to be installed at the point of generation for wood pellet boilers and also for solar thermal, where the amount of heat generated is not controlled by the owner. Participants are permitted to use any heat meter that meets the Class 2 requirements listed in *Annex MI-004* of the EU Measuring Instruments Directive (MID) 2004. For eligible installations completed and first commissioned during the 'transitional period' between 15th July 2009 and the start of the RHI scheme, use of a Class 2 heat meter is also required. Evidence of meter maintenance and calibration must be kept and shown to Ofgem on request.

TARIFFS

Payments will be calculated by multiplying the appropriate tariff (depending on the technology and size of the installation kW) by the heat use in kWth.

Tariff name	Installation Rating	Tariff Rate pence/kWh	Tariff duration	Support calculation
Small biomass	Up to 200 kWth	Tier 1 – 7.9	20 Years	Tier 1 applies annually up to the Tier Break, Tier 2 above the Tier Break. The Tier Break is: Installed capacity x 1,314 peak load hours Tier break = kWth x 1,314
		Tier 2 – 2.0		
Solar thermal	Up to 200 kWth	8.5	20 Years	-

kWh stands for kilowatt hours of heat output, and kWth stands for kilowatt thermal, which is the boiler rating

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All tariffs will be paid for a 20-year period, and the tariff levels set out above are based on 2010 prices, which will be updated to reflect 2011 prices before the start of the RHI. Payments will be made quarterly.

In terms of the ÖkoFEN wood pellet boilers, the following table shows the amount of incentive the installation would receive over a one year period, using an average fuel consumption figure of 400kg/kWth/year, 4.8 kWh/Kg of wood fuel 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%	Annual equivalent oil cost saving	Annual equivalent gas cost saving
8	3.2 tonnes	£ 927.41	£ 736.00	£ 772.80	£ 883.20	£1,008.00	£ 640.00
12	4.8 tonnes	£ 1,391.11	£ 1104.00	£ 1159.20	£ 1324.80	£1,512.00	£ 960.00
15	6 tonnes	£ 1,738.89	£ 1380.00	£ 1449.00	£ 1656.00	£1,890.00	£ 1,200.00
20	8 tonnes	£ 2,318.52	£ 1840.00	£ 1932.00	£ 2208.00	£2,520.00	£ 1,600.00
25	10 tonnes	£ 2,898.15	£ 2300.00	£ 2415.00	£ 2760.00	£3,150.00	£ 2,000.00
32	12.8 tonnes	£ 3,709.63	£ 2944.00	£ 3091.20	£ 3532.80	£4,032.00	£ 2,560.00
36	14.4 tonnes	£ 4,173.34	£ 3312.00	£ 3477.60	£ 3974.40	£4,536.00	£ 2,880.00
48	19.2 tonnes	£ 5,564.45	£ 4416.00	£ 4636.80	£ 5299.20	£6,048.00	£ 3,840.00
56	22.4 tonnes	£ 6,491.86	£ 5152.00	£ 5409.60	£ 6182.40	£7,056.00	£ 4,480.00

Links

You can apply via Ofgem at: <http://www.ofgem.gov.uk/e-serve/RHI/howtoapply/Pages/howtoapply.aspx>

Ofgem's guidance documents can be found at: <http://www.ofgem.gov.uk/e-serve/RHI/Pages/RHI.aspx>

For a copy of Organic Energy's summary of the scheme, please get in touch with our office on the contact details below. Also please do get in touch if you have any queries about the scheme and we will do everything we can to help.

If you are a domestic customer wanting to apply for the RHPP, again please let us know and we will send you the relevant factsheet.

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