Renewable Heat Incentive (RHI)

An update on the non-domestic RHI

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## Renewable Heat Incentive

### An update on the non-domestic RHI

### Which scheme is right for me?

<table>
<thead>
<tr>
<th></th>
<th>Domestic</th>
<th>Non-domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td>Property must have domestic EPC - single domestic dwelling.</td>
<td>Commercial, industrial, public sector and not for profit</td>
</tr>
<tr>
<td></td>
<td>Home owners, social and private landlords and self builders (not new build)</td>
<td>Multiple homes (including District Heating) – no exclusion for new build properties</td>
</tr>
<tr>
<td></td>
<td>Third party owners not yet eligible</td>
<td></td>
</tr>
<tr>
<td><strong>Payment period</strong></td>
<td>Payments made over 7 years (to compensate for 20 years of benefits)</td>
<td>Payments made over 20 years</td>
</tr>
<tr>
<td><strong>Measuring usage</strong></td>
<td>Deemed renewable heat output (metered if back up system or second home)</td>
<td>Eligible heat use is metered on actual generation or use</td>
</tr>
</tbody>
</table>
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An update on the non-domestic RHI

The Non-domestic RHI

• Who is eligible for the non-domestic RHI?
Wood pellet biomass system to reduce Okehampton College’s gas bill by £18,000

- Physics & Electronics teacher Keith Webber shocked that secondary school’s annual energy bill ran to £100,000
- Made Head an offer – take him off teaching timetable for one year, and if energy savings hadn’t covered his salary he would resign…

“Overall, the technologies and behavioural changes that we have put in place, together with the financial incentives received from the Government have reduced the school’s energy bill from £100,000 to £10,000 a year and is reducing our annual carbon dioxide output by 300 tonnes.”
Norfolk dairy and grain farm turns waste into heat and power with biogas plant

- Anaerobic digester has been producing heat since 2009 and electricity since 2011
- Produces enough energy for all buildings on the farm – and more
- Waste output from digester is rich fertilizer
- Benefits from energy savings and incentives of £37,000 per annum

“Installing the new plant was without doubt a worthwhile undertaking. It wasn’t only about the financial return, but also protecting our environment.”
'Improving Support, Increasing Uptake'

Government response to consultations:

- “Expanding the non-domestic scheme”, “Air to Water Heat Pumps and Energy from Waste” and “Non Domestic Scheme Early Tariff Review” as well calls for evidence on bio-propane; large biomass, GSHP and landfill gas

Key outcomes

- Increased support for renewable CHP, large biomass boilers (over1MW), deep geothermal, GSHP, solar-thermal and biogas combustion
- Support introduced for air-water heat pumps and commercial and industrial energy from waste
- Updated approach to budget management, tariff certainty
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Tariffs for the non-domestic RHI

• New and increased tariffs for some technologies, from spring 2014

<table>
<thead>
<tr>
<th>Technology</th>
<th>Tier 1</th>
<th>Tier 2</th>
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</thead>
<tbody>
<tr>
<td>AWHP</td>
<td>2.5p</td>
<td></td>
</tr>
<tr>
<td>Biomass – Large (≥1MW)</td>
<td></td>
<td>2.0p</td>
</tr>
<tr>
<td>Biogas – Small (&lt;200kW)</td>
<td>7.5p</td>
<td></td>
</tr>
<tr>
<td>Biogas – Medium (200 – 600kW)</td>
<td>5.9p</td>
<td>4.1p</td>
</tr>
<tr>
<td>Biogas – Large (≥600kW)</td>
<td>2.2p</td>
<td>5.0p</td>
</tr>
<tr>
<td>Biomass – Small (&gt;200kW)*</td>
<td>7.2p</td>
<td>7.2p</td>
</tr>
<tr>
<td>Biomass – Medium (200 – 999kW)*</td>
<td>4.4p</td>
<td>10.0p</td>
</tr>
<tr>
<td>Biomethane injection</td>
<td></td>
<td>7.5p</td>
</tr>
<tr>
<td>CHP</td>
<td></td>
<td></td>
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<tr>
<td>Deep geothermal</td>
<td></td>
<td></td>
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<tr>
<td>Ground/water source heat pumps*</td>
<td></td>
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<tr>
<td>Solar thermal (≤200kW)</td>
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</table>

*Figures provided are untiered – this equate to tiered tariffs of: Small Biomass 8.8p/2.3p; Medium Biomass 5.1p/2.2p, G/WSHP 8.7p/2.6p
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New biomass sustainability requirements

- Autumn 2014: Minimum 60% GHG emission saving relative to EU fossil fuel heat average
- Spring 2015: Land criteria introduced: UK Timber Standard for woody biomass; RED for other types

Biomass Suppliers List (BSL) will provide an easy way for participants to comply

All existing & new applicants MUST comply with criteria, from date legislation in force. This will impact any fuel purchased now but intended for use later
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Is there anything else I can do?

Preliminary accreditation available for larger, more complex and bespoke installations

| Geothermal | Biogas | Solid biomass > 200 kW |

Can submit plans & evidence demonstrating that, once built, an installation would meet the eligibility criteria of the RHI scheme

A form of ‘in principle’ agreement and may include conditions

Is not a tariff guarantee – but eases the application process

Common issues with applications to date

- Lack of fuel records
- Meter component installed incorrectly
- Heat losses not being measured appropriately
- Boiler output higher than stated capacity

Proper installation, operation and maintenance can make all the difference
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Next Steps

<table>
<thead>
<tr>
<th>Non-domestic Regulations</th>
<th>Biomass Suppliers List</th>
<th>Biomethane Tariff Review</th>
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</thead>
<tbody>
<tr>
<td>• Were laid in Parliament on 9th April</td>
<td>• Opened to producers and traders of biomass</td>
<td>• Informal consultation this spring to gather evidence</td>
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<tr>
<td>• On schedule to come into force later this spring, subject to Parliamentary process</td>
<td></td>
<td>• Formal consultation in summer if evidence supports need to adjust tariffs</td>
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<tr>
<td>• Position Paper to be published alongside Biomethane Tariff Review</td>
<td>• Evidence gathering for inclusion new technologies</td>
<td>• To set budgets beyond existing SR period, which runs until 2015/16</td>
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For more information:

**Domestic**

- Pre-application enquiries by ESAS in England & Wales: 0300 123 1234
- Or contact Home Energy Scotland: 0808 808 2282
- Ofgem to deliver scheme – guidance will be available soon
- Check www.ofgem.gov.uk

**Non-domestic**

- Ofgem deliver scheme
- Guidance on www.ofgem.gov.uk
- RHI enquiry line: 0845 200 2122
- Email: rhi.enquiry@ofgem.gov.uk
Thank you!

rhi@decc.gsi.gov.uk