



Building strength in our communities  
to face the challenges of  
peak oil and climate change

## A Brief Guide to: The Renewable Heat Incentive and The Renewable Heat Premium Payment

### Background

The European Union's (EU) 2009 Renewable Energy Directive sets a binding target on the EU to consume 20% of its energy from renewable sources by 2020. The UK's share of this target commits us to consume 15% of our energy from renewable sources by 2020. The Renewable Heat Incentive (RHI) will help to achieve this target. On the 15<sup>th</sup> of July, 2009 the Government published the Renewable Energy Strategy which set out plans for the RHI and included the statement that any eligible installations installed after 15<sup>th</sup> July, 2009 would be eligible to receive support from the RHI. In October 2010 the Government announced that £860 million will be used to support renewable heating during the current spending round ([www.decc.gov.uk](http://www.decc.gov.uk)).

### First Phase: 2011-2012

#### *Non-domestic sector*

The industrial and commercial sectors, the public sector, not for profit organisations and communities are now eligible for RHI payments during the first phase of the RHI, extending from December 2011 to the Autumn of 2012. Installations which meet the necessary qualifications (i.e. the technology must produce heat via a liquid or steam) may have been installed anytime after the 15<sup>th</sup> of July, 2009. The tariffs and qualifying technologies are as follows:

**Biomass Boilers** (logs, woodchip, pellets) All scales eligible. Installations <200kWth are entitled to payments of 7.9p/kWh x installed capacity x a maximum of 1314 hours: Tier 1 tariff. For example, a 7kW biomass boiler will be entitled to a maximum of £699/annum within the Tier 1 tariff. Payments beyond 1314 hours are dropped to 2.0p/kWh: Tier 2 tariff.

**Ground and Water source Heat Pumps** must have a coefficient of performance exceeding 2.9. All scales eligible. Installations <100kWth are entitled to payments of 4.5p/kWh.

**Solar Thermal** <200kWth are entitled to payments of 8.5p/kWh.

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**Geothermal:** all scales eligible. Biogas heat generation and biomethane <200kWth installations are entitled to payments of 6.8p/kWh.

Ground/Water source heat pumps, Solar Thermal, and Biomass installations under 45kWth must be accredited via the Microgeneration Certification Scheme (MCS); both equipment and installer. ([www.microgenerationcertification.org](http://www.microgenerationcertification.org))

Most installations will require the installation of heat meters which meet the 2004 Measuring Instruments Directive (MID) Class 2 standard.

The gas and electricity market authority (Ofgem), through its E-Serve division, is responsible for administering the RHI. Applicants apply online. Support is available online, and by phone and through published material. Quarterly payments are based upon metered heat records. Successful applicants are required to maintain equipment in accordance with manufacturers recommendations and to allow for their equipment to be inspected by Ofgem ( [www.ofgem.gov.uk/e-serve/RHI](http://www.ofgem.gov.uk/e-serve/RHI)). Payments are made quarterly to owners of installations and continue for a period of 20 yrs with tariffs adjusted during this period to reflect changes in the retail price index (RPI).

#### *The Domestic Sector*

RHI tariff support for the domestic sector is proposed to start in Autumn 2012. No details are currently available as to RHI tariff levels, qualifying technologies etc.

#### *Renewable Heat Premium Payment*

In the meantime, to kick start the installation of renewable heating systems within the domestic sector, the government has set aside £15 million via the Renewable Heat Premium Payment (RHPP) scheme. This scheme runs from August 2011 to the end of March 2012 and is first come, first served. The following grants are available to the owner/resident of a domestic property to install renewable heating technology:

Solar Thermal Hot Water	£300
Air Source Heat Pump	£850
Ground Source/Water Source Heat Pump	£1250
Biomass Boiler (wood, woodchip, pellet)	£ 950

Anyone can apply for the Solar Thermal Hot Water grant. For the other grants, you must not use mains gas as your main heating/hot water system. Also, in order to qualify for the grant, you must have installed a minimum of 250 mm loft insulation and cavity wall insulation where possible. All installations have to be certified under the MCS. Metering is not required, however the Government will pay for meters to be installed for some installations and you have to agree to this possibility. You must apply via the Energy Savings Trust (phone 0800 512 012 or [www.energysavingstrust.org.uk/RHPP](http://www.energysavingstrust.org.uk/RHPP)).

The Government has stated that anyone who obtains a RHPP will be entitled to RHI payments once the RHI starts for the domestic sector in Autumn 2012. However as there are as yet no details available as to how the RHI will operate for the domestic sector.... there is no guarantee!!