



Guide to the Renewable Heat Incentive (RHI)

Introduction

The Renewable Heat Incentive (RHI) is leading the UK's wider programme encouraging the use of renewable technology for heat generation. The scheme offers a 10–25% return on investment alongside the savings made from the change in fuel cost.

Payments (subject to eligibility) are made quarterly over a fixed period of 20 years, calculated per kilowatt-hour (kWh) on the heat generated from an accredited renewable source. There are a number of qualifying sources but that which applies to Energy Innovations' installations is the 'solid biomass' category.

The Renewable Heat Incentive is the first in the world of its kind. Legislated by the government and executed by Ofgem, the programme aims to achieve a 15% provision of our energy demand through renewable technologies by 2020, in accordance with EU plans. 12 of the 15% will be met through heating alone, so the uptake of renewable heating systems plays a dominant role in the overall process. The scheme is designed in part to help improve the UK's energy security, making better use of sustainable, native fuel resources.

Who can claim the RHI?

Currently, owners of non-domestic systems only can apply for the Renewable Heat Incentive. Systems must:

- Be new (not been used before or elsewhere) and both installed and commissioned after 15th July 2009
- Serve an existing or new and economically justifiable heat requirement (requiring heat from another source were the biomass system unavailable and not created purely for financial gain through the RHI)

It is assumed that the applicant (whether individual or organisation) is the owner of the system, funded it and therefore is entitled to the RHI subject to the eligibility of the system. Only one application per system can be made, so where there are multiple owners, one must be nominated as the representative and payments may only be made to that person; the payments can be paid only to the owner and cannot be split. The identity of the owner and their bank details are verified as part of the accreditation process.



Applications for domestic systems are scheduled to open in spring 2014. Until then, clients with domestic systems can apply for the Renewable Heat Premium Payment (RHPP), for which systems under 45kW will continue to be eligible. The distinctions between domestic and non-domestic are broadly as follows:

A domestic installation is one that serves:

- A single private residence or building whose purpose is primarily residential and which has not undergone significant changes to make it non-residential

A non-domestic installation is one that serves:

- A single non-domestic building
- Multiple non-domestic buildings
- Multiple domestic buildings (such as a block of flats, estate or group of houses)
- Multiple buildings for both non-domestic and domestic use

The judgement on what defines multiple domestic buildings is usually informed by the council tax classification of the site. For example, if a biomass heating system serves two private residential buildings, each of which pays council tax separately, subject to all other eligibility requirements being met, the system will be eligible as a non-domestic applicant. In turn, if each of those houses were served by separate biomass systems, neither would be eligible.

How to claim the RHI

Energy Innovations can assist and advise on applying for the RHI and we are experienced in installing systems that meet all of the relevant eligibility criteria. On the whole, applications must be made after the date of commissioning, although in some cases preliminary accreditation is granted.

In making your application for the RHI, of key importance is preparedness:

- Research and be aware of all the information that will be required (Energy Innovations can advise on this)
- Gather all of the required information together before opening your application
- Pay close attention to the obtainment and imparting of the information required; it is all relevant
- Be clear, concise and thorough; many delays in processing are caused by unclear or incomplete information
- Ofgem advises completing your application online, further smoothing the process

The key primary information required includes:

- Technical specifications of meters and boilers
- Schematics of the system
- Planning consents where relevant
- Invoices



- Commissioning documents
- Hard copy of bank details
- Evidence of company details of the installer and installation
- Installation date and serial numbers

Documentation (excluding that showing bank details) can be sent electronically online and this is recommended to help economise the process. The full requirements can be found on the Ofgem website.

Preliminary accreditation

For the 'solid biomass' category, systems over 200kW (subject to planning) can apply for preliminary accreditation to smooth the later stages of the process.

In such instances, schematics and the proposed layout of heat meters in relation to the planned system must be provided. Any material changes or alterations to the plans submitted must be reported to Ofgem.

The exception to this guideline is systems over 1MW which are classified as 'large systems' and all of which are encouraged to apply before commissioning.

RHI eligible heat uses

A system must provide heat to at least one eligible use. This is defined as any or all of the below:

- Heating a space within an enclosed and permanent or long-lasting building
- Heating water or carrying out a process requiring heat
- Providing process heat where it is used within a building (as opposed to heating the space).

The listed examples are: industrial cooking, drying, pasteurisation or chemical manufacture

Technology criteria

For the 'solid biomass' category the criteria are:

- MCS certification must be provided for installations at or below 45kW and the installer themselves must be certified
- The system must be proven (by warranty or other certification) to be specifically installed and designed to use solid biomass as the only primary fuel source
- The system must use liquid or steam to deliver the heat to the destination



- The system must provide heat for at least one eligible use
- A correct and compliant metering system must be used
- All scales of installation are eligible

Further requirements on fuel eligibility apply; in simple terms the fuel must be solid biomass or solid biomass immersed in water (for example, some food wastes) and only biomass. The system cannot burn a combination of biomass and fossil fuels, or biomass and ineligible fuels.

Other requirements or points of information

- The 'installation capacity' is the total installed peak heat output of the system
- Flue stacks, hoppers and stores are the only components which may be second-hand
- The location of the system is not transferable
- All accreditation questions need to be answered
- Photographs of the installation are sometimes required
- The owner must declare their intention to meet ongoing maintenance and compliance, both at the point of application and then annually afterwards
- Installations that have received a grant or public funding are ineligible (unless evidence can be provided that the grant has been repaid)
- A key requirement is that the heat load must be permanent and fully enclosed. So for example, heat serving a partially enclosed or outdoor swimming pool would not be eligible towards the payments. However, an indoor swimming pool would be, and eligible systems can include outdoor pools and other ineligible heat loads such as external surfaces heated for frost protection, open spaces and tents; the tariff will simply be paid for the heat serving the eligible elements alone
- Movable buildings such as greenhouses, mobile homes etc. can be regarded as permanent if they are intended to remain in the same place for a sufficient period of time

What happens after the application is completed

If the application is unsuccessful, the owner will be notified in writing. With an Energy Innovations' system this is highly unlikely if all information is given in full and accurately, as our systems are designed to meet the eligibility criteria and we can advise you on the application process.

Once the system is given full accreditation, the owner will receive a written statement of eligibility, confirming:

- The process and timings of required meter readings
- The schedule for payments
- The lifetime and end date of the tariff (currently 20 years)

A programme of site inspections may be sent and, if required, the owner must give access to the installation for the purposes of eligibility inspection. Evidence of the heat use may be required at any time and any changes to the system details following the accreditation must be declared to Ofgem.