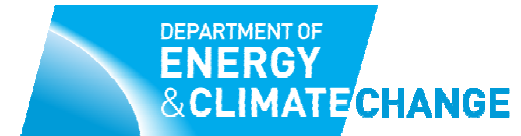


# Renewable Heat Incentive Schemes

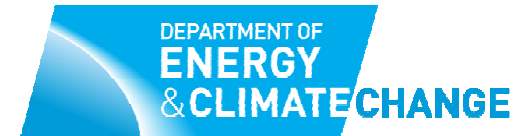
Neil Witney  
Renewable Heat Premium Payment

# Background



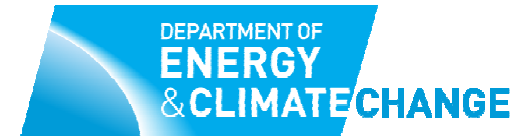
- Public consultation on Renewable Heat Incentive (RHI) proposals published February 2010
- Change of Government before consultation confirmed
- Policy not in Coalition Agreement hence had to go through spending review process before being confirmed
- Spending review concluded in October - £860m for RHI over four years
- Scheme to be taken forward in two phases
- Phase One will provide support at the non-domestic sector for a range of technologies
- Phase Two will extend the scope to domestic installations and look to widen support for a range of technologies and fuel use

# Two phase approach: Phase One



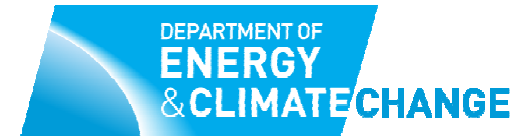
- Non-domestic tariffs at all scales starting in 2011 for a range of technologies, with tariffs paid quarterly over 20 year period
- Small-scale technologies include:
  - Biomass boilers
  - Ground and water source heat pumps
  - Solar thermal
- No air source heat pumps from outset
- Payments calculated based on metered use
- Installations up to 45kWth – MCS certification required
- Installations since 15 July 2009 eligible
- Scheme administered by Ofgem
- Scheme funded through general Government spending, not a levy

# Two phase approach: Phase Two



- Second phase of the scheme from October 2012
- Single domestic installations included from 2012
- Installations installed after 15<sup>th</sup> July 2009 will be eligible for RHI providing they meet the eligibility criteria
- Look at introducing a wider range of technologies, fuel uses and other features of the scheme e.g. non-biomass boilers, degression, bio-liquids

# Next steps on the RHI

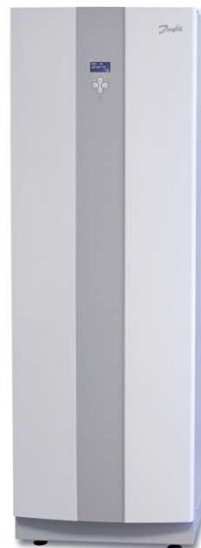
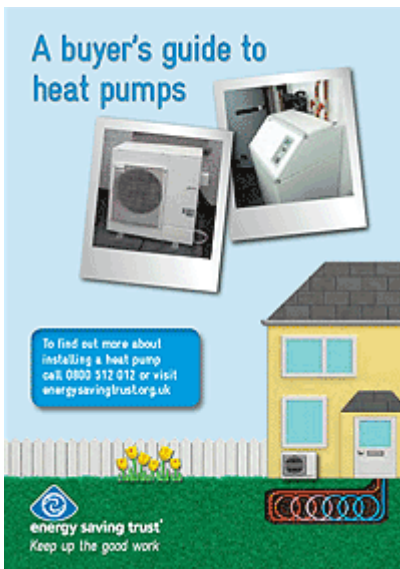
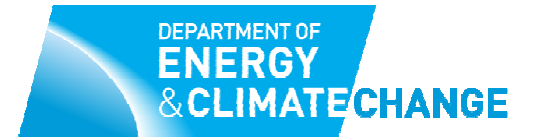


- Draft regulations were open for comment until 5 April – now being finalised
- Clearance through Commission – state aid and technical standards
- Aim to get through Parliament in July and open for applications with Ofgem thereafter
- Consult on Phase 2 proposals by end 2011
- Draft regulations spring 2012
- Launch Phase 2 RHI autumn 2012

- Ministers wanted to take more time to look at RHI domestic provisions to ensure they are right and sustainable
- Looking again at the design of the scheme, including issues such as:
  - Tariffs
  - Metering or deeming
  - Energy efficiency requirements
  - Backup boilers
- Value for money is key
- Introduce support from October 2012 alongside the Green Deal
- In the meantime, introduce the Premium Payment scheme

# Renewable Heat Premium Payments

## What is it?



£15m Capital Grant Scheme

# Aims of the scheme



1. To ensure deployment of domestic renewable heat, shared across technologies
2. To learn about heat technologies and the way consumers use them, particularly off-grid
3. To avoid a hiatus which hurts the sector and damages supply chains and manufacturing
4. Contribute to renewables target
5. Reduce carbon
6. Make some contribution to tackling fuel poverty



# How will it work

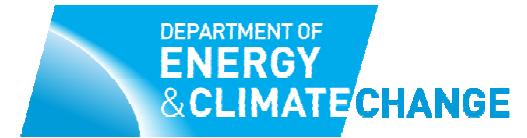


**Great Britain**  
£15m pot

Technology	Size of Pot	Eligible
Solar thermal (£300)	Up to £4m	Any domestic consumers
Ground source heat pumps (£1250) Biomass boilers (£950) Air source heat pumps (£850)	Up to £8m	Domestic customers not heated by mains supplied gas
Heat pumps and biomass boilers	Up to £3m	Social housing competitive tender

All recipients will have to meet basic energy efficiency standards. They will have to monitor and report on performance. May be additional monitoring for some recipients.

# Link to Renewable Heat Incentive



- 
- As already promised all household equipment installed since 15 July 2009 will be eligible for the RHI tariff payment
  - Premium Payment recipients will be eligible for full RHI tariffs if they meet the terms and conditions of that scheme

**Questions?**

# Annex I – Phase one Tariffs



Levels of support					
Tariff name	Eligible technology	Eligible sizes	Tariff rate (pence/kWh)	Tariff duration (Years)	Support calculation
<b>Small biomass</b>	Solid biomass; Municipal Solid Waste (incl. CHP)	Less than 200 kWth	Tier 1: <b>7.6</b>	20	Metering  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, i.e.:  <b>kWth x 1,314</b>
<b>Medium biomass</b>			Tier 2: <b>1.9</b>		
<b>Large biomass</b>		200 kWth and above; less than 1,000 kWth	Tier 1: <b>4.7</b>		
		1,000 kWth and above	<b>2.6</b>		Metering
<b>Small ground source</b>	Ground-source heat pumps; Water-source heat pumps; deep geothermal	Less than 100 kWth	<b>4.3</b>	20	Metering
<b>Large ground source</b>		100 kWth and above	<b>3</b>		
<b>Solar thermal</b>	Solar thermal	Less than 200 kWth	<b>8.5</b>	20	Metering
<b>Biomethane</b>	Biomethane injection and biogas combustion, except from landfill gas	Biomethane all scales, biogas combustion less than 200 kWth	<b>6.5</b>	20	Metering