

# **Ofgem's administration of the Renewable Heat Incentive**

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## **Presentation outline**

1. Ofgem's role
2. Timetable
3. General requirements
4. Heat pump-specific requirements

## What is the Renewable Heat Incentive?

Government Policy

World First

Financial Incentive

RH Premium Payment – designed to incentivise renewable heat for domestic installations before their inclusion in the RHI scheme in 2012.

## **Ofgem's role**

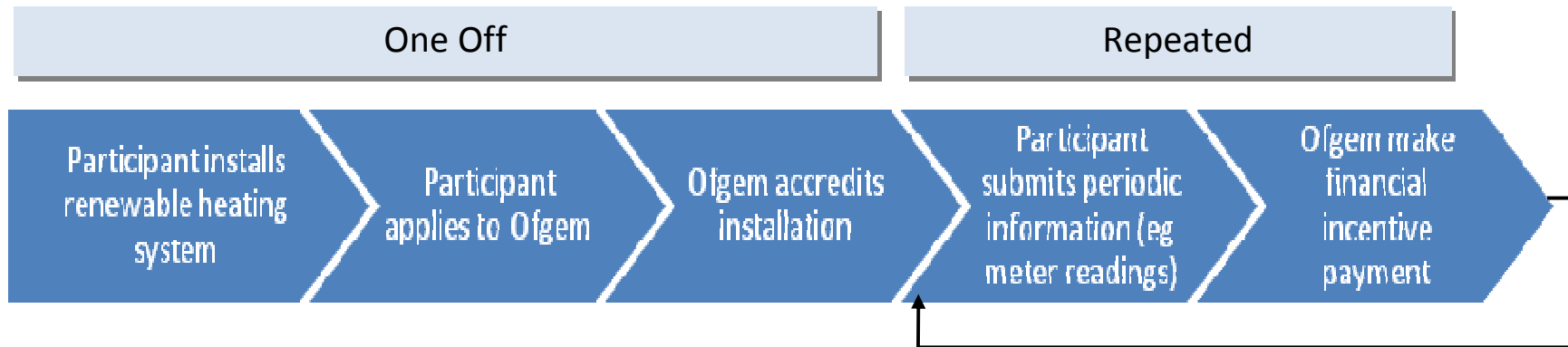
### **Administration of the scheme**

- Ofgem will administer the RHI for the Government. DECC is responsible for the policy and regulations underpinning the scheme
- Tariffs for payment are set by the Government, and depend on the technology used and size of the installation

## Overall approach

- Aiming to be as user-friendly as we can within confines of regulations
- Applications for RHI made online – also periodic data submission
- Ofgem approve accreditation if in line with eligibility criteria
- Payments made to participants quarterly
- Helpline available for queries on scheme administration

## What does this mean in practice?



- Publish **guidance** and provide support for participants
- **Report** on the progress of the scheme
- **Audits** and site inspections – including participant documentation as requested
- Monitor and enforce **compliance** as required

## Timetable

### Stakeholder engagement activity

- Ongoing informal and formal discussions with stakeholders

### Consult on guidance document

- Guidance consultation published last week, consultation period closes on **5<sup>th</sup> August**

### Enquiry Line

- Ofgem dedicated enquiry line to be launched **mid-late July 2011** (subject to regulations successfully completing Parliamentary process)

### Applications

- Open for applications from **30 September 2011**

## Guidance

- Published draft guidance for consultation last week
- Sets out our proposed interpretation of underpinning regulations
- Consultation runs until 5<sup>th</sup> August
  
- Volume One - Eligibility and how to apply
- Volume Two - Ongoing obligations, payments



## General eligibility criteria

- Installed/first commissioned after 15 July 2009
- Equipment new at time of installation
- Grants not received for purchase/installation of equipment
- Medium of heat transfer: must be liquid or steam (no direct air heating)
- Eligible uses of heat:
  - Space heating, hot water, carrying out a process
  - In a building
  - *NB: must not generate heat for predominant purpose of increasing payments*
- No single domestics in 2011

## Metering: Simple or Complex?

Do any of following apply?

- Heat delivered by steam
- CHP
- Heat used in more than one building
- Ineligible heat uses on heating system

Yes – one or more apply

No – none apply

### COMPLEX

Need to meter all of:

- Heat generated by eligible installation
- Total eligible use of heat on system
- Heat generated by all plants on heating system

### SIMPLE

Only need to meter:

- Heat generated by eligible installation

## Metering: other requirements

- **Standards:** all meters must meet Class 2 standard as defined in the Regulations
- **Location:** Must be located to measure right quantities – may require more than one meter per requirement
- **Installation, calibration and maintenance** requirements

*All installations >1MWth or 'Complex' will be required to submit an Independent Report on Metering Arrangements as part of their application for accreditation*

## Key ongoing obligations

- Submission of periodic data (quarterly / monthly > 1MWth)
- Maintenance of equipment
- Notification of any changes to installation or heating system – including ownership
- Annual declaration
- Compliance with any document audit / site inspection request

## Heat pump-specific eligibility criteria

- Naturally-occurring heat from the ground or surface water
- Regulations state that a COP of 2.9 must be met for all heat pumps (clearly state COP, not SPF – policy rationale for this set out in DECC RHI Policy Document)
- Above 45kWth, guidance proposes that participants will supply evidence that heat pump meets this criterion in accordance with industry good practice, for example tested to EN 14511 where that is appropriate
- Are other standards/approaches that would be consistent with Regulations available?

## Reversible heat pumps

- Eligible, providing they are not used solely for generating cooling
- Only heat generated is eligible for RHI support
- Cooling generated must not be included in meter readings submitted to us
- We may ask participants to explain how they will account for any cooling generated

## Heat pumps with fully integrated electrical heating

- Eligible
- Where possible, must meter renewable heat output
- Where not possible, can still be eligible
- Consulting on this approach in our guidance – are there any additional eligibility requirements that we should specify or a capacity above which it is not common practice to install such heat pumps?

# Questions?

<http://www.ofgem.gov.uk/e-serve/RHI>

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