



Department for  
Business, Energy  
& Industrial Strategy

# The Domestic Renewable Heat Incentive – ensuring a stable scheme

Delivering value for money and robust  
scheme management beyond 2022

Launch date: 26<sup>th</sup> February 2021

Closing date: 7<sup>th</sup> May 2021



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# Executive Summary

In June 2019, the UK government set a legally binding target to achieve net zero greenhouse gas emissions from across the UK economy by 2050. In November and December 2020, the Government began to set out how that target would be achieved by publishing ‘The Ten Point Plan for a Green Industrial Revolution’,<sup>1</sup> and the ‘Energy white paper: Powering our net zero future’.<sup>2</sup> Both publications put net zero and fighting climate change at their core, and declared an ambition to transform heat in buildings, for example by increasing the number of new heat pump installations to 600,000 per year by 2028. Heat in buildings is one of the biggest sources of greenhouse gas emissions in the UK and accounts for 23% of total UK emissions.<sup>3</sup>

The government already has a long track record of supporting low carbon and renewable heat deployment in Great Britain. The Non-Domestic Renewable Heat Incentive scheme (NDRHI) was launched in 2011 to help businesses, public sector, and non-profit organisations meet the cost of installing renewable heat technologies. To address and develop the domestic renewable heat market, the Domestic Renewable Heat Incentive scheme (DRHI) was launched in April 2014. The DRHI is available to homeowners, private and social landlords, and people who build their own homes.

Since the beginning of the DRHI in 2014 and up to the end of 2020/21, the government forecasts that it will have spent £693million<sup>4</sup> on domestic renewable heat installations through the DRHI scheme. The total renewable heat generated and paid for by accredited installations stands at 5,587 GWh<sup>5</sup> as of December 2020, and over 80,000 renewable heating systems have been installed.

The government renewed its commitment to the schemes at the 2015 Spending Review and committed funding to rise from £430 million in 2015/16 to £1.15 billion per annum in 2021, an increase of over two and a half times.<sup>6</sup> In total, both schemes are forecast to abate over 120 MtCO<sub>2e</sub> over their total lifetimes.<sup>7</sup>

Both schemes have been administered on behalf of BEIS by the Office of Gas and Electricity Markets (Ofgem) since their launch, in its role as scheme administrator.

In April 2020, BEIS published the consultation ‘Non-Domestic Renewable Heat Incentive: ensuring a sustainable scheme’,<sup>8</sup> with its response published in January 2021. This confirmed that the NDRHI will close to new applications as planned on 31<sup>st</sup> March 2021, although the scheme will continue to support accredited installations until the last RHI payments are made in 2041. To provide additional targeted support on the NDRHI, Tariff Guarantees (TG) have been extended until 31<sup>st</sup> March 2022,<sup>9</sup> and non-TG eligible projects impacted by Covid-19 can apply for an extra 12 months to commission.<sup>10</sup>

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<sup>1</sup> [The Ten Point Plan for an Industrial Revolution](#)

<sup>2</sup> [Energy white paper: Powering our net zero future](#)

<sup>3</sup> [Heat decarbonisation: overview of current evidence base](#)

<sup>4</sup> [Renewable Heat Incentive \(RHI\) budget caps](#)

<sup>5</sup> [RHI monthly deployment data: December 2020 \(Annual edition\)](#)

<sup>6</sup> [The Renewable Heat Incentive: A Reformed and Refocused Scheme](#)

<sup>7</sup> [Impact Assessment: Changes to RHI Support](#)

<sup>8</sup> [Non-domestic Renewable Heat Incentive: ensuring a sustainable scheme](#)

<sup>9</sup> [Notice on Changes to RHI Support and COVID-19 Response - Government response](#)

<sup>10</sup> [Changes to NDRHI support and COVID-19 response - Further government response](#)

As part of the 2020 Budget paper,<sup>11</sup> the Chancellor of the Exchequer announced that the government would be extending the DRHI for an additional year until 31<sup>st</sup> March 2022. BEIS published a Stakeholder Bulletin confirming this rollover on 28<sup>th</sup> April 2020.<sup>12</sup> The extension bolsters the deployment of renewable heat installations in Great Britain, and supports business and employment at a time when doing so is especially important due to the Covid-19 pandemic. The extension also demonstrates the government's intention to provide continuing support for the low carbon/renewable heat industries. As a further response to the Covid-19 pandemic, the government introduced legislation in January 2021, amending the DRHI to relax the requirement for accreditation applications to be made within 12 months of an installation's commissioning date, provided the commissioning date is on or after 1<sup>st</sup> March 2019.<sup>13</sup>

This consultation sets out the government's proposals to close the DRHI to new accreditation and registration applications on 31<sup>st</sup> March 2022, as scheduled. Final DRHI payments will be made in 2029. As part of the closure of the scheme, we do not intend to introduce major policy changes. Instead, this consultation details a series of largely administrative and technical proposed amendments designed to make the DRHI operate more smoothly, and to future-proof the scheme until the final payments are made in 2029.

As explained in the '10 Point Plan' and the 'Energy white paper', the closure of the RHI schemes is far from the end of the government's support for low carbon/renewable heat. The Green Homes Grant scheme<sup>14</sup> launched in September 2020, providing support for both energy efficiency and low carbon/renewable heat measures. In addition, on 28<sup>th</sup> April 2020, the government published proposals for a Clean Heat Grant scheme, with the launch of the 'Future Support for Low Carbon Heat' consultation.<sup>15</sup> A government response to this consultation with more information regarding scheme design will be published during 2021. The Clean Heat Grant scheme will provide targeted support to consumers and small businesses to install heat pumps and, in targeted circumstances, biomass boilers. More detail on the government's strategic direction for renewable and low-carbon heat will be set out in the 'Heat and Buildings Strategy', also due to be published in 2021, and accompanying policy consultations. The government's ambition for the installation of 600,000 heat pumps per year by 2028 is critical for providing certainty to the market, driving investment that builds supply chains and creates green jobs, and for keeping us on track for net zero.

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<sup>11</sup> [Budget 2020](#)

<sup>12</sup> [28 April 2020: Changes to RHI support and COVID-19 response: notice of proposals](#)

<sup>13</sup> [2 November 2020: Changes to the domestic RHI Regulations](#)

<sup>14</sup> [Green Homes Grant: make energy improvements to your home](#)

<sup>15</sup> [Future support for low carbon heat](#)

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# General information

## Why we are consulting

In preparation for the formal closure of the DRHI scheme to new applicants, we intend to make some changes to the administration of the scheme in order to future-proof the DRHI until the last RHI payments are made in 2029. We would like to hear views on these proposed amendments from industry, stakeholders, and members of the public.

This document seeks views on these proposed reforms and how they should be implemented.

## Consultation details

**Issued:** 26<sup>th</sup> February 2021

**Respond by:** 7<sup>th</sup> May 2021

**Enquiries to:** [rhi.consultations@beis.gov.uk](mailto:rhi.consultations@beis.gov.uk)

**Consultation reference:** The Domestic Renewable Heat Incentive – ensuring a stable scheme

**Audiences:**

Seeking the views of industry, stakeholders and representative groups, installers, consumer groups, and the general public.

**Territorial extent:**

This consultation relates to the Domestic Renewable Heat Incentive scheme which operates across Great Britain. The Renewable Heat Incentive scheme for Northern Ireland is a separate and unrelated scheme.

## How to respond

**Respond online at:** <https://beisgovuk.citizenspace.com/heat/drhi-ensuring-a-stable-scheme>

or

**Email to:** [rhi.consultations@beis.gov.uk](mailto:rhi.consultations@beis.gov.uk)

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

## Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018, and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](#). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

## Quality assurance

This consultation has been carried out in accordance with the government's [consultation principles](#).

If you have any complaints about the way this consultation has been conducted, please email: [beis.bru@beis.gov.uk](mailto:beis.bru@beis.gov.uk).

# Introduction

In April 2014, the DRHI scheme was launched offering financial support for installing eligible renewable heating systems. The support is available to homeowners, private and social landlords, and people who build their own homes. The eligible technologies are air source heat pumps (ASHP), ground source heat pumps (GSHP), biomass boilers and pellet stoves, and solar thermal heating for domestic hot water.

As of December 2020, according to our published statistics<sup>16</sup> there have been 84,707 accreditations to the scheme, of which 61% are ASHP, 15% are biomass systems, 14% are GSHP and 11% are solar thermal systems. Installations accredited under the DRHI have an estimated capacity of 1,015.9 MW of heat and an estimated 5,587 GWh of renewable heat has been generated and paid for.

The DRHI was scheduled to close to new applicants on 31<sup>st</sup> March 2021. However, in March 2020 the government announced an extension to the DRHI for 12 months, until 31<sup>st</sup> March 2022, with final RHI payments being made in 2029. This consultation sets out proposals for the closure of the scheme to new applications from 31<sup>st</sup> March 2022. As the scheme is closing to new applications, we do not intend to introduce any major new policy initiatives into the scheme. Instead, we would like to consider what scheme design and operational changes might be made to future-proof the DRHI, and which would make the scheme easier to both administer and participate in. We also want to ensure that participants are protected from any undue adverse effects post-scheme closure. The reforms seek to:

- Simplify scheme administration and operational delivery;
- Improve the consumer experience for existing participants in the scheme;
- Ensure robust management of the scheme for existing participants for the remainder of the DRHI payment term; and
- Deliver ongoing value for money to the taxpayer.

Reform proposals include:

- Allowing for updated versions of installation standards, calculators, and consumer codes of practice;
- Reducing the amount of reporting that BEIS will publish about the DRHI after it closes;
- Amending some of the processes around metering for payment, and metering and monitoring service packages (MMSPs) to make administration more efficient and flexible; and
- Introducing mandatory annual maintenance checks, and raising fuel quality standards, for biomass installations, bringing the DRHI in line with recommendations in the April

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<sup>16</sup> [RHI monthly deployment data: December 2020 \(Annual edition\)](#)



2020 government response to the ‘Renewable Heat Incentive: biomass combustion in urban areas’ consultation.<sup>17</sup>

An Assessment of Impact will be published during the DRHI closure consultation period. It will provide further details of the assumptions made in proposing these design and operational changes.

#### Possible amendment to the Non-Domestic RHI scheme

This document concentrates on the DRHI scheme. However, we are also taking the opportunity to consult on a possible amendment to the NDRHI, where we are asking for more information from industry around the possible introduction of tamper proof seals.

The government would welcome your views on the proposals outlined in this consultation in response to the questions outlined in the following chapters.

## Closure of the Domestic RHI scheme

### Closing the DRHI scheme to accreditation and registration applications

There are four types of application within the DRHI. These are:

1. Accreditation applications to become a participant in the main DRHI scheme;
2. Registration applications for MMSPs. MMSPs are high specification metering packages which provide consumers with detailed information about the performance of their renewable heating system, whilst providing the government with performance data to assist in policy development;
3. Authorisation applications for heat metering arrangements where the scheme administrator has determined that metering is required (‘metering for payment’); and
4. Investor applications to become a Registered Investor for Assignment of Rights (AoR), the third-party financing scheme on the DRHI.

We are proposing to close applications for accreditation to the main DRHI scheme and applications for MMSP registration on 31<sup>st</sup> March 2022 (accreditation and registration applications). These are the two application types that apply to new entrants to the scheme, and require budgetary commitments that will not be made following scheme closure. In the proposed scheme closure, plants must be commissioned and registered by the installer on the Microgeneration Certification Scheme (MCS) installation database, and applications for accreditation and MMSP registration must be received by the scheme administrator by 31<sup>st</sup> March 2022.

We propose that authorisation applications (metering for payment), and investor applications (for AoR investors) will remain open after 31<sup>st</sup> March 2022. These applications do not lead to

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<sup>17</sup> [Renewable Heat Incentive: biomass combustion in urban areas](#)

more participants joining the scheme, do not cause budget implications, and are necessary for scheme administration. (See below for more information on these application types).

**1. Do you agree or disagree with the proposal to close the DRHI to new accreditation applications on 31<sup>st</sup> March 2022?**

**Please provide evidence to support your response to this question; for example, around the impact on jobs, deployment, consumer bills, and the supply chain.**

**2. Do you think that MMSP registration applications should close at the same time as accreditation applications to the DRHI?**

**Please provide evidence to support your response to this question.**

## Investor applications to become a Registered Investor

Assignment of Rights provides a way for householders and organisations to overcome the upfront costs of purchasing and installing a renewable heating system. At accreditation, applicants can nominate a Registered Investor, who has funded the majority or all of the purchase and installation costs of the renewable heating system to receive the RHI payments for that installation. To become a Registered Investor, investors must apply for registration with the scheme administrator (“investor applications”, application type (4) in the list above).

There will be no new accreditation applications to the DRHI after scheme closure, including via AoR. However, investors may wish to transfer their AoR agreements with existing participants to other Registered Investors (for example if the first investor wishes to exit the scheme). Transferring between Registered Investors will continue to be possible after scheme closure.

To enable the largest possible pool of Registered Investors, we propose to keep investor applications open until September 2028, the final period when an AoR investor is able to transfer installations to another AoR investor. This will have no impact on budgetary commitments but will allow new investors to register and take responsibility for existing agreements.

**3. Do you think that AoR investor applications should remain open after 31<sup>st</sup> March 2022?**

**Please provide evidence to support your response to this question.**

## Consumer Protection

Consumer protection is a critical part of the DRHI. This is why plants must be installed to the relevant MCS (or equivalent) installation standard by a MCS (or equivalent scheme) certified installer (subject to the MCS rules on sub-contracting), who is responsible for the installation. To be a member of MCS, installers must also be a member of a Chartered Trading Standards Institute (CTSI) approved consumer code such as the Renewable Energy Consumer Code

(RECC) or the Home Insulation and Energy Systems Consumer Code (HIES). Registered investors for AoR are also required to be a member of one of these codes.

We would like to future-proof the scheme to ensure that there are adequate levels of consumer protection after the DRHI has closed to new accreditation and registration applications. We would like to hear from all stakeholders on whether current measures are sufficient to provide protection, what consumer protection risks might materialise post-scheme closure, and how they might be mitigated. For example, we are keen to understand whether there are any risks concerning supply chains, or the management of poor legacy installations post-scheme closure.

**4. Do you consider that the current consumer protection measures that are in place in the DRHI are sufficient?**

**Please provide evidence to support your response to this question.**

**5. What do you consider to be the main consumer protection risks post-scheme closure and how might they be mitigated?**

**Please provide evidence to support your response to this question.**

**6. What additional consumer protection measures might be introduced that would protect consumers in the DRHI?**

**Please provide evidence to support your response to this question.**

## Scheme administration

### Replacement plants

During the seven-year period in which a participant receives RHI payments (the “tariff lifetime”), part or all of a renewable heating system may need replacing. Under the current regulations, participants who install a replacement plant must make a new accreditation application. This normally requires a new MCS certificate and commissioning date. However, if part of a heating system is replaced, new MCS certificates are not typically produced.

To ensure ongoing compliance in these cases, the scheme administrator uses a ‘Replacement Product Declaration Form’. A ‘product’ is defined as the renewable heat generating component(s) of the system. This approach was the subject of an Ofgem consultation,<sup>18</sup> launched in August 2019 and closed in September 2019, with a decision published in January 2021.<sup>19</sup> The form must be completed by an MCS certified installer, and the participant must submit the completed form as part of their ongoing obligations. The form allows the administrator to confirm that replacement products are MCS certified, that installation standards are maintained, and that RHI payments continue to be calculated accurately.

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<sup>18</sup> [Open letter on the introduction of the Replacement Product Declaration Form on the Domestic Renewable Heat Incentive Scheme](#)

<sup>19</sup> [Response following the open letter on the introduction of the ‘Replacement Product Declaration Form’](#)

We are considering whether to change the regulations to reflect this approach, and to clarify the position of the scheme in relation to the replacement of parts of plants. This would introduce the concept of a ‘replacement product’ into the regulations, and make provision about information that the scheme administrator requires to be submitted to ensure ongoing compliance. Existing regulations related to non-compliance would apply for failure to provide this information. However, the scheme administrator’s process is already in place, and formalising the process in the regulations may not be required.

**7. Do you think that the scheme administrator’s current operational approach to replacing part of a plant should be formalised within the regulations by introducing the concept of a replacement product?**

**Please provide evidence to support your response to this question.**

## MCS installation standards, calculators, and consumer codes of practice

A number of standards, calculators and consumer codes of practice are listed in the regulations.

The regulations explicitly list the MCS installation standard version number, and the date that the version of that standard came into force, for each eligible technology.<sup>20</sup> To be eligible for RHI payments, an installation must be installed to this version of the standard. This means that if relevant standards are updated by MCS or the consumer codes, the new versions can only be used if the regulations are amended to allow for their use.

Similarly, the regulations list the versions of the MCS024 Solar Domestic Hot Water Energy calculator<sup>21</sup> and the MCS026 System Co-efficient of Performance calculator,<sup>22</sup> and the respective dates that they came into force. There are also product standards for each technology listed in Schedule 1 of the regulations.

In addition, the versions of two consumer codes of practice<sup>23</sup> are also listed in the regulations, along with the dates that they came into force. An investor must join one of these two CTSI approved consumer codes and follow their code of practice to be able to become a Registered Investor for AoR (this will remain a requirement post scheme closure in March 2022). The consumer codes are RECC and HIES.

We would like to give MCS and the consumer codes the opportunity of updating their standards, calculators, and codes of practice at scheme closure, so that should a replacement plant be required, the latest version of the standards, calculators, and codes are used. For example, MCS would like to update their MIS3005 heat pump installation standard, and we intend to give them the opportunity to update this standard when the scheme closes. Should a suitable opportunity

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<sup>20</sup> Regulation 8 (Certification requirements) in The Domestic Renewable Heat Incentive Scheme Regulations 2014.

<sup>21</sup> Paragraph 6, Regulation 29 (Calculation of deemed annual heat generation) in The Domestic Renewable Heat Incentive Scheme Regulations 2014.

<sup>22</sup> “SCOP calculator”, Regulation 2 (Interpretation) in The Domestic Renewable Heat Incentive Scheme Regulations 2014.

<sup>23</sup> “code of practice”, Regulation 2 (Interpretation) in The Domestic Renewable Heat Incentive Scheme Regulations 2014.

arise, we may amend the regulations before scheme closure to enable MCS or the consumer codes to update their standards or codes of practice before 31<sup>st</sup> March 2022.

- 8. Do you think that we should provide an opportunity for MCS and the consumer codes to update the relevant MCS standards, calculators, and codes of practice that are referenced in the regulations at scheme closure, or earlier, if the opportunity arises?**

**Please provide evidence to support your response to this question.**

## Annual declarations

Participants on the DRHI scheme have an obligation to submit a declaration each year to the scheme administrator (“annual declarations”). In the annual declaration, the participant confirms that certain eligibility criteria continue to be met (for example, that the installation is in good working order, and has not been replaced). There are additional declarations regarding the use of sustainable fuel, if the installation is a biomass plant, or the AoR contract, in an AoR installation.

The current regulations specify the areas of scheme compliance which must be confirmed by the annual declaration. We are considering an amendment to the regulations to allow the scheme administrator to ask participants to provide additional information as part of the annual declaration. These matters could relate to current ongoing obligations under the scheme, or other areas of scheme compliance. The annual declaration would therefore provide the scheme administrator with more information to determine compliance with the current regulations, though it would not introduce new eligibility criteria.

The additional information would help the scheme administrator to identify and mitigate issues around non-compliance. For example, if the scheme administrator’s audit programme found numerous instances of secondary heating systems installed since accreditation was granted, a question within the annual declaration could be added or adapted to require participants to confirm that they do not have these secondary installations, or if they do, that they have already notified the scheme administrator.

- 9. Do you think that the scheme administrator should have the ability to ask participants to provide additional information, as part of the annual declaration?**

**Please provide evidence to support your response to this question, in particular if you answered ‘no’ to this question, explain any concerns that you may have.**

## Metering

Most domestic installations that are accredited to the DRHI receive deemed payments. In some scenarios, however, the regulations require that the installation must be metered (“metering for payment”). These scenarios are: (1) the plant is a ‘hybrid’ heat pump, (2) there is a secondary plant (exceptions apply for some circumstances), (3) the property has not been

occupied for more than 183 days in the previous year (except for new self-builds), or (4) the plant is a biomass plant and does not have the capacity to heat the whole property.

### Authorisation applications ('Metering for Payment')

As noted above, whilst we are proposing to close the scheme to new accreditation applications, we do not propose to close applications for metering (also called "authorisation applications"). It is possible that participants will require metering at a date later than scheme closure, for example due to a change in circumstances, or the result of an inspection. It is therefore important to retain the ability for new metering arrangements to be authorised.

#### **10. Do you think that authorisation applications ('metering for payment') should remain open after 31<sup>st</sup> March 2022?**

**Please provide evidence to support your response to this question.**

### Occupancy

Currently, installations applying for accreditation to the DRHI must be metered for payment if the property has been occupied for less than 183 days in the 12-months before the application date. An exception was introduced in 2016 for self-built properties because, in some cases, it may not have been feasible to meet this requirement. If the scheme administrator discovers post-accreditation that a property has not been occupied for 183 days in the previous 12-months, metering must be installed and subsequent RHI payments will be made on a metered, rather than deemed, basis.

Currently under the regulations, the scheme administrator is only able to assess occupancy over the 12-month period prior to the date of the accreditation application or, in the case of a post-accreditation investigation, on the date on which occupancy is assessed. This period or point in time is not necessarily reflective of the long-term occupancy of the property. The scheme administrator must require metering in all cases where the occupancy criteria are not met.

The policy intent is that properties that are occupied for less than half a year should be metered for payment. However, we are considering whether to allow the scheme administrator to have discretion to determine a different timeframe, where they consider that the 12-month period used for assessing occupancy is not a fair reflection of the typical and ongoing occupancy of the property.

#### **11. Do you think that the regulations should allow the scheme administrator to use discretion (such as considering a longer interval rather than the current 12-month assessment period) when assessing whether metering is required due to low occupancy?**

**Please provide evidence to support your response to this question.**

#### **12. What factors should be taken into consideration when the scheme administrator assesses whether metering is required in relation to occupancy?**

**Please provide evidence to support your response to this question.**

## Exemption for secondary plants heating only one room

In the current regulations, metering is normally required when there is a secondary plant providing heat to a property.

One exception to this requirement is when the secondary heating system is designed and installed to directly heat only one room. This is intended so that properties with for example fireplaces, or an electric heater, do not require metering.

A secondary plant that is located within a partition wall between two rooms (for example, a log burner), could provide heat to two rooms and would therefore not be covered by this exemption. However, this plant is still directly radiating heat rather than providing heat through a central system. It is not the policy intent to require metering in these cases. We are, therefore, considering whether to extend this exemption so that metering would not be required if the property has a secondary heating system which directly heats two rooms.

**13. Do you think that the exemption to the requirement for metering if the property has a secondary heating system designed to heat one room only should be extended to properties with a secondary heating system that directly radiates heat to two rooms through a partition wall?**

**Please provide evidence to support your response to this question.**

## Electricity meter installers

The requirement to install electricity meters on all new heat pumps ('metering for performance') was introduced in the 2018 reforms to the scheme.<sup>24</sup> Electricity meters measure the electrical input into the heating system, providing the consumer with information on the running costs of their heat pump. This requirement therefore benefits the participant, increases consumer engagement, and encourages installer best practice.

Installers of electricity meters are currently required to be certified by MCS (or an equivalent scheme). This is to provide sufficient consumer protection and quality assurance in meter installation. Following the introduction of this requirement, we received stakeholder feedback querying the necessity of MCS certification, given that any qualified electrician should be able to install an electricity meter.

We are considering an amendment to this requirement, for example where replacement meters are required, so that any qualified electrician should be deemed sufficiently reliable and accountable to install electricity meters, should meters be required or replaced, post scheme closure. This would remove the requirement for MCS membership, and therefore potentially remove unnecessary barriers and costs to industry.

Metering for payment and MMSPs require heat meters and other components to be installed in addition to electricity meters. For this reason, the requirement for a MCS certified installer to be responsible for the installation of metering for payment and MMSP installations will continue.

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<sup>24</sup> [The Domestic Renewable Heat Incentive Scheme \(Amendment\) Regulations 2018](#)



**14. What qualification(s) and/or certification should be required for electricians to be permitted to install electricity meters under the scheme regulations?**

**Please provide evidence to support your response to this question.**

## Metering and Monitoring Service Packages (MMSPs)

MMSPs help drive improvements in performance of renewable heat installations by monitoring the performance of heat pumps (air or ground source) and biomass pellet boilers that are accredited on the DRHI. MMSPs are optional packages that provide customers with the opportunity to have high specification heat meters, electricity meters and temperature sensors installed on their heating systems.

An agreement is signed between a DRHI applicant/participant and an MCS certified installer, which is then submitted as part of a MMSP registration application. MMSP installers are responsible for installing monitoring equipment (heat meters, electricity meters and other sensors), checking the data, ensuring data completeness, and explaining the data to the participant, among other responsibilities. Owing to these additional responsibilities, the requirement for MMSP installers to be MCS certified will continue regardless of the proposed removal of this requirement for installers of electricity meters for performance (see above).

Participants who register for a MMSP receive quarterly tariff payments to cover some of the costs of installation. In the 2018 regulation reforms, the payment structure was amended to include an initial lump sum (to assist with the installation cost), with correspondingly lower subsequent payments.

### Providing further information for MMSP registration applications

We anticipate that there will be an increase in MMSP registration applications leading up to the closure of the scheme. After the scheme closes, the scheme administrator will have a number of MMSP registration applications that will still need to be assessed.

During an application for MMSP registration, the scheme administrator may require the applicant to provide further information before registration can be given. The timeframe to provide this information is currently 12 weeks.

The length of this deadline results in significant delays in processing MMSP registrations and prevents the scheme administrator from clearing the backlog of MMSP registration applications which, in turn, can delay participants from receiving MMSP payments.

The equivalent deadline for the provision of information in relation to DRHI accreditation applications is 28 days (except for requests for a new Energy Performance Certificate (EPC) or evidence of metering). This deadline can be extended to three months in certain circumstances.

We are proposing an amendment to the regulations, which would align the deadline for the provision of further information regarding MMSP registration, currently 12 weeks, with the



accreditation application deadline of 28 days. The aim would be to create a more efficient process for MMSP registrations, both for the customer and the scheme administrator. Similar to the deadline for accreditation applications, there would be an option to extend the deadline to three months in certain circumstances.

As we are proposing to close MMSP registration applications from 31<sup>st</sup> March 2022, this amendment would apply to MMSP applications that were made before this date but are still being processed after scheme closure.

**15. Do you think that the time within which further MMSP registration information must be provided should be shortened from 12 weeks to 28 days?**

**Please provide evidence to support your response to this question.**

## Change of MMSP installer

There is currently no comprehensive provision in the regulations for the scheme administrator to transfer a MMSP registration from one MMSP installer to another. For example, there is no provision for the transfer from a current MMSP installer to a new MMSP installer, should the current MMSP installer cease trading or exit the market before transferring their rights and obligations under their MMSP contract to the new MMSP installer.

In this scenario, the MMSP registration accreditation may need to be withdrawn and a new MMSP registration application submitted by the participant. This would be operationally inefficient and could also prevent changes of installer (should this be required) after the closure of the scheme in 2022, when new MMSP registration applications are scheduled to cease. We are considering a change to the existing regulations to facilitate the transfer of MMSP installer without MMSP registration accreditations being withdrawn and re-submitted, provided that the new MMSP installer is able to fulfil all ongoing obligations.

**16. Do you think that MMSP registrations should be amended, rather than withdrawn and resubmitted, in the case of a change of installer?**

**Please provide evidence to support your response to this question.**

**17. Are there other reasons why MMSP registrations might need to be amended instead of withdrawn?**

**Please provide evidence to support your response to this question.**

**18. Are there other measures that we should take in relation to the closure of MMSP registration applications?**

**Please provide evidence to support your response to this question.**

## Data collection

In addition to providing participants with information regarding the performance of their renewable heating system, the policy intent is that the data collected under MMSP agreements

is supplied to BEIS. This will provide BEIS with valuable insights regarding installation quality and system performance in different types of property over several years, and will inform future research and policy development. The current regulations provide for the scheme administrator to collect MMSP data from participants, and for the scheme administrator (or an agent nominated by the scheme administrator), or BEIS, to collect the MMSP data from installers.

However, it may be simpler and more efficient to expand how MMSP data is able to be collected, so that BEIS, the scheme administrator (or an agent nominated by either organisation), are able to collect the data directly from MMSP installers, participants, data storage platforms or data controllers (wherever the data is stored), depending on the specific arrangements in place, and subject to General Data Protection Regulation compliance. We are considering whether to amend the regulations to enable either BEIS or the scheme administrator (or an agent nominated by either organisation) to do so. We are also considering whether to expand the authority of the scheme administrator to suspend payments and/or recover payments, and possibly even to withdraw MMSP registration from participants who do not comply with requests to provide access to their MMSP data (for example, where participants do not authorise the release of their data to BEIS if requested to do so).

There may also be other scenarios where we might want to change how we recover MMSP payments. For example, we could amend the regulations to allow the lump sum as well as the quarterly repayments to be recovered in any cases of non-compliance and revocation, and not only in the scenario where the scheme administrator is satisfied that registration was given as a result of the provision of incorrect information by the installer.

**19. Do you think that BEIS, Ofgem (or an agent nominated by either organisation) should be able to request MMSP data directly from installers, participants, data storage platforms or controllers (wherever the data is stored)?**

**Please provide evidence to support your response to this question.**

**20. Do you think that Ofgem, as the scheme administrator, should be able to withdraw MMSP registration and/or recover MMSP payments from participants who do not supply their MMSP data?**

**Please provide evidence to support your response to this question.**

**21. Are there any other areas of MMSP which you would like to be amended?**

**Please provide evidence to support your response to this question.**

## Annual maintenance checks for biomass installations

The 'Clean Air Strategy',<sup>25</sup> published in January 2019, explains the government's commitment to minimise public health impacts from home heating emissions. In October 2018, the government consulted on biomass combustion in urban areas.

The consultation response was published in April 2020. The government decided to work with the biomass industry to develop an industry standard for annual maintenance checks to tackle

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<sup>25</sup> [Clean Air Strategy 2019](#)

poor maintenance. If introduced into the DRHI, the standard would become mandatory from April 2022. This would mean that all currently accredited biomass installations would be required to comply with this maintenance check (irrespective of when they were accredited) as part of their ongoing obligations in the scheme. We are aware, however, that some stakeholders have raised concerns about the cost implication of mandatory annual maintenance checks for participants, and that the introduction of the standard would impose conditions on participants who had joined the DRHI without this expectation. It may be preferable to simply require that the manufacturer's maintenance instructions are followed.

If the mandatory annual maintenance check is introduced, then the participant would need to confirm in their annual declaration that the check has been carried out. Should a declaration be made, and the scheme administrator determines that the maintenance check had not been carried out, sanctions may be applied.

**22. Do you think that mandatory annual maintenance checks for biomass renewable heating systems should be introduced into the DRHI? If you support checks being introduced, do you think that this should be by the introduction of a biomass maintenance standard, or another method; for example, requiring that the manufacturer's maintenance instructions are followed?**

**Please provide evidence to support your response to this question.**

**23. How much do you think annual maintenance checks should reasonably cost, and should the government introduce a limit, or cap to the cost of the check?**

**Please provide evidence to support your response to this question.**

**24. Do you think that sanctions should be imposed on a participant if it is discovered that they have not complied with the requirement for an annual maintenance check? If you agree, what do you think the level of those sanctions should be (for example, recovery by the scheme administrator of the RHI payments for that year)?**

**Please provide evidence to support your response to this question.**

## Fuel Quality standard for biomass boilers

A fuel quality standard is an assurance process that covers the whole chain from the supply of raw materials to the point of delivery to the participant. Improving the quality of fuel burnt in biomass boilers on the DRHI scheme has several benefits for participants. Using better quality fuel can lead to (1) better boiler efficiency, (2) longer system life, and (3) lower emissions of damaging substances such as particulate matter, which improves air quality.

Improving the quality of DRHI fuels is in line with the recommendations following the consultation on biomass combustion in urban areas. The government committed to working towards an industry standard for fuel quality to ensure that fuel burnt in biomass boilers is of appropriate quality.

As stated in the government response to the consultation ‘Renewable Heat Incentive: biomass combustion in urban areas’, the government has worked closely with the Biomass Suppliers List (BSL)<sup>26</sup> Advisory Panel, as well as wider industry to develop options for a fuel quality standard.

To implement this, the government intends to introduce a requirement that all suppliers of biomass fuel used on the DRHI scheme provide assurance that the wood fuel fulfils manufacturers’ specifications and burns efficiently. We propose this will be done by requiring:

- all wood pellets meet the EN Plus A1 standard or an equivalent standard;
- all other wood fuels (such as chip) meet fuel quality standard EN15234/SO 9001, and EN17225, or equivalent; and
- all wood fuels to provide assurance of their supply chain, and that they meet the standards above, through certification by the Woodsure Certification scheme, or an equivalent scheme.

The role of approved feedstock accreditation schemes, such as the BSL, is to ensure wood fuel burnt on the DRHI meets the sustainability criteria set out in the regulations. All DRHI recipients using wood fuel must use suppliers on the BSL.

The government has extended the role of the BSL, and any other equivalent scheme accrediting wood fuels, to include responsibility for checking against the fuel quality standards above, thereby making it simpler for both fuel suppliers and buyers to meet their obligations. Therefore, if introduced, this proposal will not require DRHI participants to change their current process of purchasing fuel from BSL suppliers.

Introducing this standard may have a one-off cost to suppliers to (1) upgrade their processes to ensure that the fuel is of the right standards and (2) introduce quality management systems for auditing and quality testing in line with current or new standards, and/or subscriptions to quality assurance bodies such as Woodsure and HETAS. These organisations certify producers and traders of wood fuel by assessing the production process, testing products to industry standards, and checking adequate controls are in place.

**25. Do you think fuel quality should be a mandatory criterion for approved feedstock accreditation bodies?**

**Please provide evidence to support your response to this question.**

**26. Do you think that a membership of an accredited quality assurance scheme should be sufficient?**

**Please provide evidence to support your response to this question.**

**27. If you answered no, what kind of fuel quality framework would you prefer to see implemented?**

**Please provide evidence to support your response to this question.**

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<sup>26</sup> [Biomass Suppliers List](#)

**28. Are there any other factors that we should consider, for example additional cost to consumers?**

**Please provide evidence to support your response to this question.**

## RHI Budget and Publications

### Post Closure Budget Management

In the 2015 Autumn Statement the government announced the continuation of the RHI for the 2016-21 Spending Review period with the introduction of budget caps. In March 2020, the government announced the DRHI would be extended for a further year, remaining open until 31<sup>st</sup> March 2022. A budget cap covering the DRHI only will be set for the financial year 2021-22 to ensure effective cost control during the final year of the scheme. There are no budget caps presently set or planned for financial years beyond 2021-22, owing to the lack of new deployment beyond this point. Ceasing new deployment will mean that after closure of the DRHI scheme, no further budget caps will be required.

### Reports and publications

BEIS currently publishes a monthly assessment of expenditure against the annual budget caps for the NDRHI and the DRHI schemes. The monthly budget cap document for the DRHI will continue to be published throughout the financial year 2021/22 to account for the scheme's extension. The requirement to undertake this work is not enshrined in the scheme regulations, however in the interests of transparency, we propose amending our approach. In 2022-23 we will publish an annual update of the RHI best estimate of spend for the current financial year, the previous two financial years, and the subsequent two financial years.

Ceasing new deployment will also mean that the degression methodology used to control spending by decreasing the tariffs in line with the deployment of RHI technologies will no longer be required. The regulations currently require the department to publish a quarterly forecast for the purposes of degression. The department has also additionally published monthly updates against expenditure triggers. After the closure of the DRHI scheme there will be no further tariff decisions required. As such, we are proposing to remove requirements to publish quarterly degression assessments, as well as the monthly counterpart documents.

From the outset of the scheme in 2014, we have published deployment data on a monthly basis,<sup>27</sup> including information regarding the quantity, technology type, and geographical location of accredited installations. The cessation of new deployment will mean that continuing to publish such regular statistics will not be required. However, we intend to continue to publish some statistics on the DRHI until the last RHI payment is made under the scheme.

The scheme administrator is also required under the regulations to produce quarterly and annual reports for the RHI schemes. In line with the proposed reporting requirements for the

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<sup>27</sup> [RHI monthly deployment data: December 2020 \(Annual edition\)](#)

NDRHI scheme, the government will require the scheme administrator to continue to provide existing reporting and data on the DRHI, until all applications are processed. Following the completed processing of final applications, annual reports will continue to be required by the regulations, whilst quarterly reports will be discretionary. The government will require the scheme administrator to continue to provide ongoing data on payments, as well as data on participants to enable the calculation of statistics.

**29. Do you agree or disagree with the government’s approach to DRHI publications set out above?**

**Please provide evidence to support your response to this question.**

**30. Is there any additional data you think should be made available publicly?**

**Please provide evidence to support your response to this question.**

**31. Do you agree or disagree with the decision to no longer mandate the scheme administrator to publish quarterly reports?**

**Please provide evidence to support your response to this question.**

## Other amendments to the Domestic RHI

We would welcome any further views from stakeholders on aspects of the DRHI beyond those covered in this consultation thus far. In particular, we are keen to hear from stakeholders on suggestions regarding any measures required for closing the scheme, improving the efficiency and effectiveness of the scheme post-closure, consumer protection, and future-proofing the scheme for the remaining seven years of scheme participation post-scheme closure.

**32. What other changes you would like us to make to the DRHI regulations?**

**Please provide evidence to support your response to this question.**

# Tamper-proof seals for Non-Domestic RHI scheme participants

This section affects the NDRHI scheme only.

The government has been made aware of concerns that some participants may be tampering with temperature probes in their accredited RHI installations in order to falsely inflate the recording of heat generated and therefore increase their RHI payments. The extent of this issue is currently unclear, and the government is working with the scheme administrator to investigate and gather further evidence.

The government has a duty to ensure that public funds are used in accordance with the law. It is an existing requirement of the NDRHI regulations that participants must not generate heat for the purpose of increasing their RHI payments. The government is considering a range of further options to tackle this issue, including requiring tamper-proof seals to be fitted to existing installations. We anticipate the measure would require the use of specific seals that meet quality standards, and a registration scheme to provide a unique identifier for each seal to help deter breaking and replacing of seals. We are considering whether a registration scheme could be managed directly by the scheme administrator, or potentially by existing industry bodies.

If the government decides to proceed with mandating the use of tamper-proof seals, we will amend the NDRHI regulations to make compliance with this requirement a new ongoing obligation and ensure that the scheme administrator has the appropriate powers to enforce this requirement. The scheme administrator has existing powers under the NDRHI regulations to withhold payments during an investigation into non-compliance with ongoing obligations, and to revoke accreditation and recover payments. We anticipate that participants would need to inform the scheme administrator of their compliance with this measure as part of their annual declaration, and the scheme administrator would check compliance as part of the ongoing audit programme.

The government is aware that there may be additional costs in implementing any such requirement, and at this stage is seeking views on how any mandatory requirement to use tamper-proof seals could be targeted and implemented in a way that would be effective in preventing potential abuse, and minimise administrative burdens.

As well as considering the case for amending regulations to address this issue, the government and the scheme administrator are considering how this issue could be addressed through existing powers and by working with industry parties to help ensure compliance.

**33. Do you have any comments on the implications of a potential requirement to use specific tamper-proof seals, including how any such requirement could be targeted to effectively tackle potential abuse?**

**Please provide evidence to support your response to this question.**

**34. Do you have any comments on how any such requirement could be implemented in a way that would reduce administrative burdens, including how any registration scheme could best be managed?**

**Please provide evidence to support your response to this question.**

**35. Do you have any comments about how this issue could be addressed through the scheme administrator's existing powers?**

**Please provide evidence to support your response to this question.**



This consultation is available from: [www.gov.uk/government/consultations/domestic-renewable-heat-incentive-ensuring-a-stable-scheme](http://www.gov.uk/government/consultations/domestic-renewable-heat-incentive-ensuring-a-stable-scheme).

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