



Department  
of Energy &  
Climate Change

# Renewable Heat Incentive Call for Evidence

Increasing the flexibility of financing options in the Domestic  
and Non-Domestic RHI

URN: 15D/007 28<sup>th</sup> January 2015

# RHI Call for Evidence

## General Information

### **Purpose of this Call for Evidence:**

The primary purpose of this Call for Evidence is to seek information and evidence to inform the development of policy to amend Regulations to allow additional financing options into the Domestic Renewable Heat Incentive (RHI). The precise nature of the policy will depend on the nature of the responses received to this Call for Evidence, in addition to other inputs from Government, industry and other stakeholders.

There are also a small number of questions on the Non-Domestic RHI, seeking initial views on whether there is a case for making any similar changes to the Non-Domestic scheme. A consultation would take place before any changes were made to the Non-Domestic scheme.

No decision has been made to take this policy forward for either scheme. Any decision will be taken after the General Election.

**Issued:** 28<sup>th</sup> January 2015

**Respond by:** 13<sup>th</sup> March 2015

### **Enquiries to:**

Domestic RHI Policy Team,  
Department of Energy & Climate Change,  
Area 1C,

3 Whitehall Place,  
London, SW1A 2AW

Tel: 0300 068 4000

Email: [rhi@decc.gsi.gov.uk](mailto:rhi@decc.gsi.gov.uk)

Consultation reference: URN: 15D/007 - Renewable Heat Incentive Call for Evidence

### **Territorial extent:**

This call for evidence applies to England, Wales and Scotland.

### **How to respond:**

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.

Responses should be submitted via the electronic response system;

<https://econsultation.decc.gov.uk/decc-policy/rhi-call-for-evidence>

or emailed to:

[rhi@decc.gsi.gov.uk](mailto:rhi@decc.gsi.gov.uk), with the subject line: "Response to RHI Call for Evidence on Third Parties."

Please also include the following information at the beginning of the document:

- Name
- Contact details (E.g. email address, telephone number and/or address)
- Organisation
- Type of organisation

### **Additional copies:**

You may make copies of this document without seeking permission. An electronic version can be found at <https://www.gov.uk/government/consultations/rhi-introducing-third-party-ownership-models-call-for-evidence>

Other versions of the document in Braille, large print or audio-cassette are available on request. This includes a Welsh version. Please contact us under the above details to request alternative versions.

### **Confidentiality and data protection:**

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the consultation. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

We will summarise all responses and place this summary on the [GOV.UK website](https://www.gov.uk). This 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 call for evidence has been carried out in accordance with the [Government's Consultation Principles](#).

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

DECC Consultation Co-ordinator

3 Whitehall Place

London SW1A 2AW

Email: [consultation.coordinator@decc.gsi.gov.uk](mailto:consultation.coordinator@decc.gsi.gov.uk)

# Contents

General Information .....	2
Contents.....	4
Executive Summary .....	5
Why do we need a call for evidence?.....	5
Who should respond? .....	6
Call for Evidence .....	8
The Strategic Context .....	8
The Domestic RHI scheme .....	10
What do we mean by opening up the Domestic RHI to include those who do not own or occupy the property? .....	10
Impacts of introducing more financing options into the Domestic RHI .....	10
Payments (Tariffs and Degression).....	14
Eligible Technologies .....	16
Requirements around RHI payments and cases where there are multiple owners.....	17
Amendments to the Accreditation Process.....	18
Amendments to Ongoing Obligations.....	20
Scheme Administrator Powers.....	20
Consumer Protection .....	21
Existing Financing Models .....	23
General Comments.....	24
The Non-Domestic RHI scheme.....	25
Appendix A – List of Questions .....	27
Appendix B – List of Ongoing Obligations in the Domestic RHI Regulations (2014) for participants.....	34
Ongoing Obligations – General (Regulation 39).....	34
Ongoing Obligations – Changes affecting accredited domestic plants (Regulation 40) .....	35
Ongoing Obligations – Annual Declarations (Regulation 41).....	36
Ongoing Obligations – Emissions from Biomass (Regulation 42).....	36
Ongoing Obligations – Metering (Regulation 43) .....	37
Ongoing Obligations – Provision of Information (Regulation 44) .....	37

# Executive Summary

The Domestic Renewable Heat Incentive (RHI) was launched on the 9<sup>th</sup> April 2014. Since the launch and December 2014 there have been over 19,250 unique applications to join the scheme, of which over 16,000 have been accredited, and the number of new applications is increasing each month.

We believe that the RHI has the potential to transform the domestic renewable heat market, particularly in areas that are not on the gas grid. However, a significant barrier for many of those who would like to install renewable heat is the high up-front cost of installing a renewable heating system, which must be installed before an applicant can apply for the Domestic RHI.

The current Domestic RHI regulations require that payments are made to the owner of the renewable heating system, who must also be the homeowner or occupier.<sup>1</sup> One way to help consumers overcome the barrier of installation costs would be to open up the scheme to new finance models, broadening the scheme to allow a “third party” (e.g. a person, organisation or community group that is neither the homeowner nor the scheme administrator) to finance the purchase and installation of the renewable heating technology and in exchange to receive RHI payments directly (rather than the homeowner). The homeowner would receive a new heating technology without having to pay installation costs and would benefit from both the renewable heat generated and lower heating bills over the lifetime of the heating system (typically 15-20 years), while the third party would receive a secure, inflation indexed revenue stream over the lifetime of the RHI tariff payment period (7 years).

The Non-Domestic RHI was launched in November 2011. The Non-Domestic scheme provides a wide range of support in terms of the technologies supported, the sectors covered, types of applicant and the size of installations. We are aware that a variety of financing models exist in the non-domestic sector, in response to the heterogeneity of the sector. We are interested in stakeholders’ views on whether making changes to the existing Non-Domestic scheme to provide for payments direct to third parties would be useful. Please see the Chapter on the Non-Domestic RHI scheme for more details.

## Why do we need a call for evidence?

We are considering whether or not to allow third party ownership into the Domestic RHI. Although we will be developing policy using evidence from existing schemes which allow third party financing, such as the Feed In Tariff scheme (FITs), we wish to receive more evidence about the impacts this change might have in the particular context of the Domestic RHI, for example on increasing levels of new installations. In order to underpin development of this policy, this Call for Evidence seeks information on:

---

<sup>1</sup> In this document a ‘homeowner’ refers to a homeowner or occupant who is a participant in the Domestic RHI.

- Impacts: the broadening of the scheme to include third party organisations would potentially impact many areas of the current scheme. We want to understand what these impacts are and how stakeholders may be affected, so that if the decision was made to change the policy it could be done in the most effective way.
- Benefits: how and in what ways introducing third party financing options would improve the scheme. This could be direct benefits such as increasing levels of deployment or wider benefits, for example growing the supply chain.
- Barriers: what barriers would remain for potential providers or users of finance and (where they may occur), how any barriers might be removed. We also want to ensure that any policy that was implemented would not create additional barriers.
- Possible risks: the possible risks to successful delivery of third party finance models in the RHI; including areas we ask questions about in this document (e.g. consumer protection) but also any other areas that we may not have considered.

For the Non-Domestic scheme we are interested in stakeholders' views on whether making changes to the existing scheme to provide for payments direct to third parties would be useful. Please see the Chapter on the Non-Domestic RHI scheme for more details.

## Who should respond?

In response to this Call for Evidence, we hope to hear from the renewable heat installer and manufacturing industries, trade bodies and associations, members of the public, communities, community groups, environmental organisations, companies already offering finance or similar models as well as any organisations with an interest in providing finance for third party models (for example banks, asset finance providers, private equity, infrastructure funds, energy companies, community groups and renewable heat installers). We also hope to hear from anyone else with an interest in the introduction of third party finance models and the future development of both the Domestic and Non-Domestic RHI such as customers, social and private landlords and consumer protection organisations.

Not all aspects of the Call for Evidence will be relevant to all organisations. We encourage as many people and organisations as possible to respond. A full list of all the questions in the Call for Evidence is set out in Appendix A.

Respondents are welcome to answer all questions but equally we welcome partial responses if you feel your evidence or views relate only to some of our questions; we encourage readers to respond to as many or as few of these questions as they wish.

## What sort of evidence are we looking for?

We are interested in all the types of evidence that you may be able to provide, including:

- Quantitative (numerical) evidence - particularly evidence on specific outcomes such as how respondents would expect their businesses to adapt to the proposed changes, or estimated changes in levels of deployment (quantity and types of installation).
- Qualitative (non-numerical) evidence - i.e. research to provide an in-depth understanding of people's experiences, perspectives and histories based on their particular context.

- Case studies or anecdotal evidence - i.e. descriptions of projects or problems, such as examples of installations which are relevant to the introduction of third party organisations (including schemes which to date have not been able to proceed due to a lack of finance that would now be able to proceed).

# Call for Evidence

## The Strategic Context

Maintaining a continued supply of reliable and affordable energy, while meeting the UK's target of an 80% reduction in greenhouse gas emissions by 2050 and ensuring that we maximise the opportunities of the low carbon economy, will mean a major shift in the way we generate and use energy over the coming decades.

Heating accounts for around 47% of total UK energy demand. However, almost all of the heat we use for heating our homes and hot water today comes from burning fossil fuels, and only a very small proportion of households use renewable, low-carbon sources of energy for heating.

By 2050, emissions from heating will need to reduce significantly to meet the UK's goal of reducing emissions across the economy by 80%. To achieve this we need to prepare now for mass rollout of low-carbon heating in the 2020s and 2030s. In the shorter-term, heating also needs to make a contribution towards the UK's 2020 target of 15% of energy from renewable sources.

The Government is also working hard domestically and internationally to ensure security of supply - including by working to minimise our import dependence and make the most of our indigenous resources. Renewable heat can play a key role here too, and the Committee on Climate Change's Renewable Energy Review stated in May 2011 that there is scope for the penetration of renewable energy to reach 30% of all energy consumed in the UK by 2030.

With this in mind, the Government created the RHI, a financial incentive scheme to encourage uptake of renewable heating among householders, communities and organisations. In 2011 the Non-Domestic RHI opened for applications, and we launched the Domestic RHI in April 2014.

The Domestic RHI is open to homeowners, which includes owner occupiers, tenants (where they own the heating system), landlords and social landlords. As set out in our 2013 policy paper<sup>2</sup>, it was always our intention to allow third parties who were not homeowners, to apply to the Domestic RHI. We are now considering how to take this forward and this document sets out some of the evidence requirements and explores some of the potential options for this policy.

The Non-Domestic scheme provides a wide range of support in terms of the sectors covered and types of applicant. We are aware that a variety of financing models exist in the non-domestic sector, in response to the heterogeneity of the sector. We are interested in stakeholders' views on whether making changes to the existing Non-Domestic scheme to provide for the scheme administrator making payments direct to third parties would be useful. We do not currently have the evidence needed to justify making such scheme changes, especially where these risk adding complexity to the scheme's administration. This call for evidence therefore seeks initial views on the likely costs and benefits of any scheme changes

---

<sup>2</sup> *Domestic Renewable Heat Incentive – the first step to transforming the way we heat our homes (2013)*  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/212089/Domestic\\_RHI\\_policy\\_statement.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212089/Domestic_RHI_policy_statement.pdf)



concerning the assignment of payments to third parties. Please see the Chapter on the Non-Domestic RHI scheme for more details.

Any decisions will be taken alongside wider decisions on funding for the RHI as part of the next Spending Review.

## The Domestic RHI scheme

### What do we mean by opening up the Domestic RHI to include those who do not own or occupy the property?

Renewable heating systems typically involve a larger capital investment than a conventional heating system, such as oil or gas. RHI payments can only be made after an installation has taken place because they are based on heat generated. This means the RHI relies on participants in the domestic scheme funding the initial investment, such as through the use of savings, or taking out a loan, or extending their mortgage. The large initial cost is a barrier for potential applicants who do not have savings or access to credit.

Opening up the scheme to allow third party organisations to pay for all or part of the upfront costs of purchasing and installing the renewable heating system, in exchange for all or a proportionate share of the revenue from Domestic RHI payments could reduce these barriers.

Third party organisations that develop financing products for the Domestic RHI may typically come from the financial sector, but equally they may be any other organisation (for example community groups, Green Deal finance providers, renewable heat installers or other energy companies).

### Benefits and risks of opening up the scheme in this way

Opening up the scheme in this way has the potential to enable consumers who otherwise could not afford the cost of renewable heating systems to join the scheme, increasing renewable heat deployment and potentially lowering fuel bills in off-gas grid homes. There are potentially large benefits (removing barrier costs could significantly increase the number of installations and develop the supply chain, while increased installation volumes and competition could lower installation costs), but we are not currently able to quantify them, and therefore need to obtain evidence in order to develop and implement the policy effectively.

There are also potential risks to widening the RHI in this way; for example from a consumer protection perspective we would want to ensure that any agreement that a homeowner enters into with a third party organisation regarding the RHI is properly understood by them, a suitable heating technology is installed, and both they and the third party organisation understand the RHI obligations and maintenance needs of the system.

In addition, we need to carefully consider any changes that may be needed to the existing scheme. These aspects will be considered more fully in light of responses to this Call for Evidence.

### Impacts of introducing more financing options into the Domestic RHI

The objective of allowing more financing options to customers of renewable heat would be to widen access to finance for homeowners and landlords, thereby supporting increased deployment which would drive development of the renewable heat supply chain. We set out

the reasons for this and high level impacts in the Impact Assessment<sup>3</sup> associated with the proposed changes that are being made to the primary legislation through the Infrastructure Bill. These changes would facilitate the introduction of third party financing models. Within that Impact Assessment we identified a number of factors which might determine the impact of this change. We would appreciate your views on these factors and how they might influence the renewable heating market. We are keen to gather evidence and understand in more detail the impact of these changes in practice.

### Call for Evidence Questions

- |    |   |
|----|---|
| 1. | <p>Do you agree that financing for renewable heat is currently a barrier to further growth in the domestic renewable heat market?</p> <p>Please provide an explanation including any evidence with your response.</p>   |
| 2. | <p>Do you think that introducing third party financing would help overcome this barrier by increasing access to finance for renewable heating? Would this lead to increased numbers of installations that would otherwise not have occurred?</p> <p>Please provide an explanation including any evidence with your response.</p>  |
| 3. | <p>From your perspective what are the main benefits of allowing RHI payments to be made directly to third party organisations?</p> <p>Please provide an explanation including any evidence with your response.</p>  |
| 4. | <p>From your perspective what are the main risks of allowing RHI payments to be made directly to third party organisations?</p> <p>Please provide an explanation including any evidence with your response. Please also include any mitigating action that could be taken to reduce any perceived risks.</p>  |
| 5. | <p>Is there a demand for third party finance? Are you or your organisation considering whether to develop and/or offer third party financing products for the Domestic RHI? (Please indicate if the information in your response is commercially sensitive and we will treat it accordingly).</p> <p>Please provide an explanation including any evidence with your response.</p> |

<sup>3</sup> *Impact Assessment for the Assignment of Rights in the Renewable Heat Incentive scheme, (2014)*

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/365824/RHI\\_Assignment\\_of\\_Rights\\_Impact\\_Assessment\\_FINAL\\_-\\_BV\\_sig.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/365824/RHI_Assignment_of_Rights_Impact_Assessment_FINAL_-_BV_sig.pdf)

6.	<p>What impacts might the introduction of third party financing have on your business or organisation?</p> <p>For example if you are a social landlord or a community group, would you find third party financing an attractive alternative to traditional financing methods, or if you are an installer would you offer/signpost financing offers to consumers?</p> <p>Please provide an explanation including any evidence with your response.</p>
7.	<p>What impacts might the introduction of third party financing have for consumers? Will consumers find the option of third party financing attractive?</p> <p>Please provide an explanation including any evidence with your response.</p>
8.	<p>To what extent would the introduction of third party financing benefit the fuel poor (i.e. by facilitating access to renewable heating systems that would otherwise be too expensive)?</p> <p>Please provide an explanation including any evidence with your response, including whether any additional protections should be considered to protect fuel poor households.</p> <p>Are there alternative actions we could take that would support the finance of renewable heat for fuel poor households?</p>
9.	<p>Do you think that there are any categories of organisation offering third party finance that should be ineligible for the Domestic RHI (for example an energy company or installer that has installed a renewable heating system under the Energy Companies Obligation Affordable Warmth scheme could be ineligible to claim RHI payments for that renewable heating system)?</p> <p>Please provide an explanation including any evidence with your response.</p>
10.	<p>Do you think the introduction of third party financing will make it easier for sellers of renewable heating systems to attract consumers, and to convert leads into sales? If so why?</p>
11.	<p>What other factors that influence the supply and demand of heating systems could be affected by the introduction of third party finance models?</p> <p>Please provide an explanation including any evidence with your response.</p>

## Third Party Ownership or Assignment of Rights

There are two ways we could open the scheme to allow payments to third party organisations who are not the homeowner or occupier. The end result of both is the same; the third party organisation receives RHI payments directly by the RHI scheme administrator. However, the key difference is whether the homeowner or the third party organisation owns the heating system during the seven years of RHI payments.

### 1. Third Party Ownership (TPO)

In this model, a third party organisation would fund all or part of the renewable heating technology and would own all or a proportion of the heating technology. The third party organisation would be able to apply for the RHI and would receive all or a proportion of the RHI payments directly. There would be RHI obligations for both the homeowner and the third party organisation, however it would be up to the third party organisation and the homeowner to agree service and maintenance arrangements for the system, how they ensure that the RHI obligations are met and to determine what happens to the heating technology at the end of the seven years of RHI payments (i.e. whether ownership transfers to the homeowner and whether there is a cost associated with that).

To introduce this option we would need to gain State Aid approval from the European Commission and amend the Domestic Renewable Heat Incentive Scheme Regulations 2014<sup>4</sup>.

### 2. Assignment of Rights (AOR)

In this model, a third party organisation would fund all or part of the renewable heating technology but ownership of the heating technology remains with the homeowner. The homeowner would contract with the third party organisation to assign the rights for all or a proportion of the RHI payments to the third party organisation. In consequence of that contract, all or a proportion of RHI payments would be paid directly to the third party organisation. There would be RHI obligations for both the homeowner and the third party organisation, and it would be up to the third party organisation and the homeowner to agree service and maintenance arrangements for the system and how they ensure that RHI obligations are met in a way that best suits their circumstances.

To introduce this model we would need to gain State Aid approval from the European Commission and amend the Domestic Renewable Heat Incentive Scheme Regulations 2014.<sup>4</sup>

To assist in the potential delivery of third party finance models that rely on AOR, clauses amending the Energy Act 2008<sup>5</sup> are included in the Infrastructure Bill 2014-2015.<sup>6</sup> More information about the changes and potential impacts are included in the Impact Assessment<sup>7</sup> for these changes.

---

<sup>4</sup> The Domestic Renewable Heat Incentive Scheme Regulations 2014 - <http://www.legislation.gov.uk/ukdsi/2014/9780111109458/introduction>

<sup>5</sup> Energy Act 2008 - <http://www.legislation.gov.uk/ukpga/2008/32/contents>

<sup>6</sup> Infrastructure Bill 2014-2015 - <http://services.parliament.uk/bills/2014-15/infrastructure.html>

<sup>7</sup> *Impact Assessment for the Assignment of Rights in the Renewable Heat Incentive scheme, (2014)* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/365824/RHI\\_Assignment\\_of\\_Rights\\_Impact\\_Assessment\\_FINAL\\_-\\_BV\\_sig.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/365824/RHI_Assignment_of_Rights_Impact_Assessment_FINAL_-_BV_sig.pdf)

### Call for Evidence Questions

12. Please let us know (with reasons) your preference for which third party finance model (AOR, TPO or both) we should introduce into the Domestic RHI.

13. Are you aware of any current or potential third party finance models that have characteristics that may not 'fit' within either the TPO or AOR models outlined in this document (and that therefore may be ineligible for the Domestic RHI if only one of these models were introduced)?  
Please provide details of these models.

## Payments (Tariffs and Degression)

In the Domestic RHI scheme the same tariff is currently offered for all ownership types within each technology category. The tariff rate is made up of several components; compensation for additional upfront costs (and associated cost of financing), additional ongoing and fuel costs (if relevant) and for any barrier or hassle costs a homeowner might face. For further information on how the tariff is calculated, please refer to the Impact Assessment published for the announcement of the scheme.<sup>8</sup>

If third party financing is introduced into the Domestic RHI, organisations that offer financing may face different costs and benefits compared to homeowners and landlords (for example they may have access to cheaper finance, be able to bulk-buy plant, and leverage lower installation costs). As they are not resident in the home, they may also face fewer hassle costs. These factors could indicate that a lower tariff for third party organisations may be appropriate to maintain an appropriate level of compensation. On the other hand they may also face other costs or risks that may balance these out.

We wish to understand more about the relationship between costs faced by third party organisations and the tariff.

### Call for Evidence Questions

14. Do you think that those who finance systems but are not the homeowner should receive the same or a lower tariff than other participants in the scheme?  
Please provide an explanation including any evidence with your response.

<sup>8</sup> *Domestic Renewable Heat Incentive – Impact Assessment (2013)*  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/211978/Domestic\\_RHI\\_Impact\\_Assessment.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/211978/Domestic_RHI_Impact_Assessment.pdf)

15.	What additional barriers might be faced by those who wish to finance systems, but are not the homeowner? What barriers might they more easily overcome? Please provide an explanation and examples with your response.
16.	What costs of capital and/or rate of return would those providing finance expect from investment in domestic renewable heat? (This information will be treated as commercially sensitive).
17.	What are the potential project development times for providers of finance on large roll-out projects?
18.	What are the potential financing/re-financing times for providers of finance on large roll-out projects?

The Domestic RHI uses a system of degression to manage budgets and to gradually reduce the tariffs paid over time if expenditure hits certain pre-set triggers. For more details about the degression mechanism see the document *Further Details of the Domestic Renewable Heat Incentive*<sup>9</sup>, published in December 2013.

Allowing the third party financing models described could boost demand and may increase the likelihood of reaching degression triggers. The implication of this could be reductions in future tariff levels for all new installations, whether supported by third party financing or not.

It may therefore be desirable to manage budgets and degenerations for installations that use third party financing separately to the rest of the scheme. This would allow tariffs for installations that have used third party financing to reduce if demand is high, but maintain different tariffs for non-third party financed installations.

Third party organisations may also apply in bulk to Ofgem to minimise application costs and time. Sudden jumps in application numbers could impair the functioning of the degression system, as growth in deployment is taken into account when determining whether a degression has been triggered.

Multiple tariffs per technology would, however, add considerably to scheme and administrative complexity and reduce the flexibility offered by a simple degression structure.

---

<sup>9</sup> *Further details of the domestic Renewable Heat Incentive (2013)* - [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/263190/Domestic\\_budget\\_management\\_publication\\_-\\_Dec\\_2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263190/Domestic_budget_management_publication_-_Dec_2013.pdf)

## Call for Evidence Questions

19. Do you have evidence or estimates that indicate that third party organisations should be counted separately towards degradation triggers, potentially resulting in a different tariff over time to other ownership models?  
Please provide an explanation including any evidence with your response.

20. Are there any other changes which DECC should make to the degradation system in relation to the introduction of third party organisations to ensure that it achieves its objectives of managing spending on the domestic RHI as effectively as possible?  
For example could the time limit for claiming RHI be reduced for third party organisations from a year to three months from the installation/commissioning date of the heating system? Should there be a maximum number of applications from each third party per quarter?  
Please provide an explanation including any evidence with your response.

## Eligible Technologies

Four technologies are currently eligible for the Domestic RHI; ground source heat pumps (GSHP), air source heat pumps (ASHP), biomass and solar thermal. The only size restrictions are those caused by the requirement for RHI installations to be installed in accordance with the Microgeneration Certification Scheme (MCS)<sup>10</sup>, or equivalent standards.

We are keen to explore whether we should allow third party financing for all the current eligible technologies and across the size range of installations. Restricting availability to certain technologies, or certain sizes of installation, might encourage diversification of deployment or direct investment into technologies and house sizes that otherwise may be considered less attractive by investors.

Another possible measure would be to restrict (by limiting the number of installations or budget), or exclude a technology that is already deploying successfully.

There may, however, be negative consequences to restricting the use of third party ownership to certain eligible technologies. It would add to scheme complexity and administration, could reduce levels of deployment and prevent free market behaviour, and may also have State Aid considerations. We would like to hear your evidence and opinion on eligible technologies for third party financing.

<sup>10</sup> MCS was created in 2006 as a way of evaluating installers and products under robust criteria for each of the microgeneration technologies. To be eligible for the domestic RHI, installations must be MCS certified or equivalent. For further information, see; <http://www.microgenerationcertification.org/>



## Call for Evidence Questions

- |     |   |
|-----|---|
| 21. | Are there any technologies that we should not extend third party financing to?<br>Please provide an explanation including any evidence with your response.  |
| 22. | Should we limit levels of deployment of third party financed models for a specific technology by capping the number of installations or budget available?<br>Please provide an explanation including any evidence with your response. |
| 23. | Are there any other restrictions that you would place on the technologies that can be used in third party financed projects?<br>Please provide an explanation including any evidence with your response.                              |

## Requirements around RHI payments and cases where there are multiple owners

Currently in the domestic RHI only the homeowner or occupier can be paid. If third party organisations are allowed into the scheme, then the third party organisation would be paid all or part of the tariff payment directly.

There is also the possibility of several third party organisations having shares of the RHI payment, and of third party organisations selling their ownership share onto other providers (possibly multiple times). This could have considerable implications for scheme complexity and administration costs as well as consumer protection. We may consider whether to restrict or place a cap on the number of owners, and/or changes of ownership. We are interested in understanding how likely this scenario is and exploring how it might work in practice.

We would like to develop a flexible and easy to administer system. One option could be that if there are multiple third party organisations, one party or company must be the “nominated” owner and it would be up to the other third party organisations and the nominated owner to arrange payment allocations between themselves. The nominated owner would also be responsible to the scheme administrator, currently Ofgem, for any breaches in RHI Regulations. Another option might be for multiple third party organisations to set up a company or other vehicle that would apply for the RHI and be responsible to Ofgem, which would reduce administrative complexity.

## Call for Evidence Questions

24. Would it be overly restrictive to only enable payments to either a single third party organisation (which might be a company or an individual investor), or to a third party organisation and the homeowner (i.e. not allowing multiple third parties to receive payments)? Why? Should there be a cap or restriction on the number of owners allowed?  
Please provide an explanation with your response.

25. If multiple owners are enabled, would a “nominated owner” system as described above be acceptable? If not, what other administrative process would you prefer, bearing in mind the need to manage costs and maintain administrative simplicity?  
Please provide an explanation with your response.

26. Should third party organisations be allowed to sell on their ownership of a heating system? Why?  
Please provide suggestions on how you think this should work in practice.

## Amendments to the Accreditation Process

We are keen to hear your views on what changes should be made to the scheme application and accreditation process for installations that use third party finance. If third party financing is introduced to the scheme, the scheme administrator will need more information than they currently require to be able to accredit applications. For example, currently the homeowner completes the application form with only their details. However, in a third party financing scenario, the scheme administrator will need further information on the third party organisation (e.g. contact and bank account details, and the proportional split of ownership between the homeowner and the third party organisation). We would like to hear what additional information you consider may need to be supplied.

We will also need to consider whether to change how applications are completed, for example by dividing the application between the third party organisation and the homeowner, so that each enters the information that is relevant to them. We are aware that if third party organisations do not have control of the application process and are reliant on homeowners to complete part of each form, there is more potential risk (e.g. that the homeowner may not complete the form) which could increase the cost of offering finance packages.

We would like to consider ways to mitigate at least some of this risk. For example one way to achieve this might be for third party organisations to submit a typical application, including the agreement with the homeowner, for a “pre-application review” to the scheme administrator, before any application is made. In this scenario the scheme administrator would review the planned application from the third party organisation in detail to determine eligibility under the scheme. Once the pre-application review had been successfully completed, third party

organisations would have confidence that provided the actual applications matched the “pre-application” and other scheme eligibility criteria were satisfied, applications would be automatically processed.

The application process could also be simplified by introducing a process similar to social landlords, where the first application is reviewed by the scheme administrator in detail, but subsequent applications which match the first application are typically automatically processed.

We are interested in your views on other ways that this may be achieved. We will also need to consider what changes will need to be made for social landlord applications should they decide to use third party finance.

### Call for Evidence Questions

27. If third party financing is introduced, who should complete the RHI application form?

- The homeowner
- The third party organisation
- A combination of homeowner and the third party organisation, each completing respective sections

Would this differ between the TPO and AOR models?  
Please provide an explanation and evidence for your answer.

28. If third party organisations are introduced to the scheme, what changes to the application and accreditation process should be made for social landlords using third party financing? Would this differ between the TPO and AOR models?  
Please provide an explanation and evidence for your answer.

29. Would you be in favour of introducing a “pre-application review” or a similar process to social landlords for third party organisations as outlined above?  
Please provide evidence and examples for your answer.

30. What other information, advice or suggestions do you have for measures to simplify and lower costs for the application and accreditation process for third party organisations?  
Please provide evidence and examples for your answer.

## Amendments to Ongoing Obligations

Ongoing obligations in the RHI are requirements and/or responsibilities that the homeowner must undertake in order for the installation to remain eligible for RHI payments. They are necessary to ensure value for money and effective administration of the scheme, and cover several areas such as:

- Notification of change: the requirement of the homeowner to notify the scheme administrator at any time regarding changes to the installation (e.g. changes of ownership).
- Emissions from biomass (e.g. a requirement to continue to use a fuel type specified in the RHI emissions certificate).
- Metering (e.g. a requirement to keep meters in good order and provide meter readings).
- Provision of information (e.g. providing the scheme administrator with information when required).
- Annual declarations (e.g. that the ownership of plant has not changed).

A full list of the ongoing obligations required by participants in the Domestic RHI is set out in Appendix B.

If third party financing is introduced, we may need to extend the number and change the nature of ongoing obligations and annual declarations that are needed (e.g. the third party organisation may need to confirm that they are still the owner or legal recipient of payments). We would like to understand what additional ongoing obligations might be required in each of the third party financing models (TPO and AOR). We would also like to establish who would be responsible for each ongoing obligation and annual declaration, as some may be more appropriate for the homeowner and some for the third party organisation. There is also a risk that if the homeowner is not the recipient of payments, there would be no incentive for them to make ongoing declarations which may lead to the third party organisation being unnecessarily penalised.

### Call for Evidence Question

- |     |  |
|-----|--|
| 31. | <p>If third party financing is introduced, who should be required to meet each obligation and should any new obligations be introduced? Why? Would this differ between the TPO and AOR models?</p> <p>Please consider the list of current obligations in Appendix B in your responses.</p> |
|-----|--|

## Scheme Administrator Powers

If third party organisations are introduced into the Domestic RHI, there will be a significant impact on scheme administration. The scheme administrator, currently Ofgem, has the authority to:

- Accredited applications
- Check application eligibility criteria

- Make payments to accredited applicants
- Require metering
- Process ongoing obligations
- Inspect, audit and investigate
- Impose sanctions
- Publish guidance

All of these areas could be affected by the introduction of third party financing. We need to consider carefully for both the AOR and TPO (as they would potentially have different implications) what impacts the introduction of third party organisations could have on scheme administration and costs, and what changes to existing powers or additional powers Ofgem may need in order to administer the scheme effectively.

### Call for Evidence Questions

32. What changes to existing powers or additional powers do you think that Ofgem might need in order to accredit applications and administer the scheme if either AOR or TPO were introduced?  
Please provide an explanation including any evidence with your response.

33. Are you in favour of Ofgem having the power to request to view contracts between the homeowner and third party organisation as part of the accreditation process?  
Please provide an explanation including any evidence with your response.

34. Are you in favour of the homeowner and/or the occupier of the dwelling having the right to contact Ofgem and for Ofgem to have the authority to stop payments if notified of a dispute between the homeowner and third party organisation (e.g. if the third party organisation has agreed to maintain the system but has not done so). Please provide evidence for your answer. Can you think of any other potential disputes that might require this type of action?  
Please provide an explanation including any evidence with your response.

## Consumer Protection

Consumer protection is already an important part of the RHI. In order to ensure consumer protection, we require that to be eligible for the RHI the installation must be carried out by an MCS certified installer (or equivalent), and that this must be to the latest MCS installation standards (or equivalent).

MCS have an established complaints procedure<sup>11</sup> and all MCS installers must also be members of a consumer code such as Renewable Energy Consumer Code (RECC),<sup>12</sup> which is approved by the Trading Standards Institute (TSI). The RECC Code sets out standards that installers must meet in contracting with homeowners. The Code covers advertising and promotion, behaviour of sales staff, proposals, estimates and quotes, contracts and terms of business, cancellation rights, maintenance and service agreements service and maintenance and customer complaints procedures.

We would like to ensure that homeowners who use third party financing models continue to be protected. It is vital to ensure homeowners are aware of their rights and obligations, particularly under a financial arrangement of which they may not have much experience and where the renewable heating system is likely to be the only heat source in the dwelling. We therefore would like to hear your views about the best ways to ensure homeowners continue to enjoy these protections if these third party finance models are introduced to the scheme.

We are considering a number of measures to ensure consumer protection, such as:

- Third party organisations must be certified by MCS.
- Third party organisations must be members of a TSI approved consumer code.
- Credit provided by third party organisations should be regulated by the Financial Conduct Authority under the Consumer Credit Act.
- The scheme administrator must have the contact details of the homeowner and/or the occupier and the third party organisation, and would have the authority to stop payments and investigate if a problem (e.g. heating system not working) is reported by the homeowner/occupier.
- Ownership at the end of contract (and the status and ownership of any guarantees), and any financial costs should be made clear in the contract between the third party organisation and the homeowner.
- Any obligations (e.g. service and maintenance and any costs) specific to the heating system after the end of contract should be made clear.
- Third party organisations would have to supply homeowners with a pack containing important information regarding the implications of the contract on the RHI and the heating system (e.g. how large the potential RHI payments they are giving up are, legal ownership of the heating system, any additional financial charges due, performance of the heating system etc.).

Consumer protection is an area where the AOR model may have some advantages over the TPO model. Under the TPO model, a party other than the homeowner owns the heating system and therefore may have less incentive to resolve maintenance issues. AOR is also a simpler model because ownership remains with the homeowner which reduces complexity at the end of the RHI period.

We would like to learn more about what consumer protection measures homeowners and third party finance providers would like/expect to see and what effect this would have on likelihood of participation in the scheme.

In addition, we want to hear from private and social landlords about what protection they might need if they choose to use third party finance, and also about any additional measures that may be necessary to protect the fuel poor.

---

<sup>11</sup> MCS Complaints procedure can be found at <http://www.microgenerationcertification.org/consumers/complaints>

<sup>12</sup> The RECC consumer code can be found at <https://www.recc.org.uk/>

### Call for Evidence Questions

35. What additional measures (if any) beyond those already in the Domestic RHI and delivered through MCS and RECC would you introduce to protect consumers? Do social landlords require different consumer protection? Please provide an explanation including any evidence with your response.

36. To what extent do you think that the RHI scheme should regulate or restrict the contracts between consumers and third party organisations? Do you think financing packages should be allowed to include:

- Buy back/out (option to terminate contracts early)
- Flexible duration (less than 7 years)
- Service and maintenance contracts
- Consumer protection code
- Restrictions around biomass use and sourcing
- Another option (please advise)

Please provide evidence and examples for your answer.

## Existing Financing Models

Some organisations are already offering innovative financing models that are allowed within the current domestic RHI scheme but are not classed as third party finance models as the RHI payments are made into an account in the name of the homeowner. Further information on how these models are structured can be found on Ofgem's website<sup>13</sup>. We would like to understand in greater depth what the impact of changing the rules around financing would have on these organisations. We are also interested in your views as to whether we should introduce any additional consumer protection measures for existing financing models to match those we introduce for third party financing.

### Call for Evidence Questions

37. Would organisations that are already offering finance under the current Domestic RHI Regulations switch to using TPO/AOR third party finance models if they are introduced? If not, why not? Please provide evidence for your answer.

<sup>13</sup> Third party finance and ownership arrangements <https://www.ofgem.gov.uk/publications-and-updates/third-party-finance-and-ownership-arrangements>

- |     |   |
|-----|---|
| 38. | Should any consumer protection measures that are introduced for TPO/AOR third party finance models, be extended to those who continue to use existing models?<br>Please provide your suggestions for the best method to achieve this. |
|-----|---|

## General Comments

We would like you to let us know if there are any other areas where introducing third party ownership may have an impact on either the scheme or stakeholders, or any other measures that we should be considering as a part of this change.

### Call for Evidence Questions

- |     |   |
|-----|---|
| 39. | Are you aware of any impacts on the Domestic RHI, its participants and industries or potential participants, or the wider environment that are not already listed above?<br>Please provide evidence and examples for your answer. |
| 40. | Are there any other measures you think that we should be considering as part of introducing third party financing into the Domestic RHI?<br>Please provide evidence and examples for your answer.                                 |



# The Non-Domestic RHI scheme

Under the Non-Domestic RHI tariff payments are made to the owner of the renewable heat installation, or the producer of biomethane. In the case of hire purchase agreements, conditional sale agreements or similar, the party in possession of the plant receives the RHI payments.

The amendments currently being sought through the Infrastructure Bill are equally applicable to the domestic and non-domestic schemes. They include provisions which deal expressly with cases (not currently allowed under the non-domestic scheme) where the parties identified above assign their rights to payments to a third party, such that the third party could be paid directly.

However, we do not currently have the evidence needed to justify making such scheme changes, especially where these risk adding complexity to the scheme's administration. This call for evidence therefore seeks initial views on the likely costs and benefits of any scheme changes concerning the assignment of payments to third parties. We need to establish whether there is a case for making such changes in the non-domestic scheme.

We recognise that the ability to assign payments might provide added flexibility in financing arrangements. Given this we are interested in stakeholders' views on whether making changes to the existing scheme to provide for the scheme administrator making payments direct to third parties would be useful and examples of the sorts of business model it may allow to develop. We are also seeking views on the extent to which, if any, such changes might drive increased deployment in the non-domestic sector and reduce costs.

The non-domestic scheme provides a wide range of support in terms of the technologies supported, the sectors covered; types of applicant and the size of installations. We are aware that a variety of financing models exist in the non-domestic sector, in response to the heterogeneity of the sector. We would be interested in stakeholders views on whether there are technologies or sectors to which the ability to assign rights to payments may be particularly useful, or if there are specific types of applicant that would find it more useful than others.

## Call for Evidence Questions

- |     |  |
|-----|--|
| 41. | Would the payment to a third party direct, further to an assignment of rights to payments, provide useful flexibility in the non-domestic scheme? What barriers could this help to overcome? What sorts of business model may it help / allow to develop? Please explain your answers. |
| 42. | What impact on deployment in the non-domestic sector might the flexibility to assign rights to payments such that a third party is paid direct have? Please explain your answer and provide evidence where possible.   |

43.	Are there technologies or sectors to which the assignment of rights to payments may be particularly useful, or if there are specific types of consumer in relation to which it would most likely be used? Please explain your answer and provide evidence where possible.
44.	Are there any other factors that should be considered as part of determining whether there is a case for introducing the assignment of rights to payments into the non-domestic RHI? Please elaborate.

# Appendix A – List of Questions

## Domestic RHI Questions

### Call for Evidence Questions

- |    |   |
|----|---|
| 1. | <p>Do you agree that financing for renewable heat is currently a barrier to further growth in the domestic renewable heat market?</p> <p>Please provide an explanation including any evidence with your response.</p>   |
| 2. | <p>Do you think that introducing third party financing would help overcome this barrier by increasing access to finance for renewable heating? Would this lead to increased numbers of installations that would otherwise not have occurred?</p> <p>Please provide an explanation including any evidence with your response.</p>  |
| 3. | <p>From your perspective what are the main benefits of allowing RHI payments to be made directly to third party organisations?</p> <p>Please provide an explanation including any evidence with your response.</p>  |
| 4. | <p>From your perspective what are the main risks of allowing RHI payments to be made directly to third party organisations?</p> <p>Please provide an explanation including any evidence with your response. Please also include any mitigating action that could be taken to reduce any perceived risks.</p>  |
| 5  | <p>Is there a demand for third party finance? Are you or your organisation considering whether to develop and/or offer third party financing products for the Domestic RHI? (Please indicate if the information in your response is commercially sensitive and we will treat it accordingly).</p> <p>Please provide an explanation including any evidence with your response.</p> |

6.	<p>What impacts might the introduction of third party financing have on your business or organisation?</p> <p>For example if you are a social landlord or a community group, would you find third party financing an attractive alternative to traditional financing methods, or if you are an installer would you offer/signpost financing offers to consumers?</p> <p>Please provide an explanation including any evidence with your response.</p>
7.	<p>What impacts might the introduction of third party financing have for consumers? Will consumers find the option of third party financing attractive?</p> <p>Please provide an explanation including any evidence with your response.</p>
8.	<p>To what extent would the introduction of third party financing benefit the fuel poor (i.e. by facilitating access to renewable heating systems that would otherwise be too expensive)?</p> <p>Please provide an explanation including any evidence with your response, including whether any additional protections should be considered to protect fuel poor households.</p> <p>Are there alternative actions we could take that would support the finance of renewable heat for fuel poor households?</p>
9.	<p>Do you think that there are any categories of organisation offering third party finance that should be ineligible for the Domestic RHI (for example an energy company or installer that has installed a renewable heating system under the Energy Companies Obligation Affordable Warmth scheme could be ineligible to claim RHI payments for that renewable heating system)?</p> <p>Please provide an explanation including any evidence with your response.</p>
10.	<p>Do you think the introduction of third party financing will make it easier for sellers of renewable heating systems to attract consumers, and to convert leads into sales? If so why?</p>
11.	<p>What other factors that influence the supply and demand of heating systems could be affected by the introduction of third party finance models?</p> <p>Please provide an explanation including any evidence with your response.</p>
12.	<p>Please let us know (with reasons) your preference for which third party finance model (AOR, TPO or both) we should introduce into the Domestic RHI.</p>

13.	<p>Are you aware of any current or potential third party finance models that have characteristics that may not 'fit' within either the TPO or AOR models outlined in this document (and that therefore may be ineligible for the Domestic RHI if only one of these models were introduced)?</p> <p>Please provide details of these models.</p>
14.	<p>Do you think that those who finance systems but are not the homeowner should receive the same or a lower tariff than other participants in the scheme?</p> <p>Please provide an explanation including any evidence with your response.</p>
15.	<p>What additional barriers might be faced by those who wish to finance systems, but are not the homeowner? What barriers might they more easily overcome?</p> <p>Please provide an explanation and examples with your response.</p>
16.	<p>What costs of capital and/or rate of return would those providing finance expect from investment in domestic renewable heat? (This information will be treated as commercially sensitive).</p>
17.	<p>What are the potential project development times for providers of finance on large roll-out projects?</p>
18.	<p>What are the potential financing/re-financing times for providers of finance on large roll-out projects?</p>
19.	<p>Do you have evidence or estimates that indicate that third party organisations should be counted separately towards depression triggers, potentially resulting in a different tariff over time to other ownership models?</p> <p>Please provide an explanation including any evidence with your response.</p>
20.	<p>Are there any other changes which DECC should make to the depression system in relation to the introduction of third party organisations to ensure that it achieves its objectives of managing spending on the domestic RHI as effectively as possible?</p> <p>For example could the time limit for claiming RHI be reduced for third party organisations from a year to three months from the installation/commissioning date of</p>

	<p>the heating system? Should there be a maximum number of applications from each third party per quarter? Please provide an explanation including any evidence with your response.</p>
21.	<p>Are there any technologies that we should not extend third party financing to? Please provide an explanation including any evidence with your response.</p>
22.	<p>Should we limit levels of deployment of third party financed models for a specific technology by capping the number of installations or budget available? Please provide an explanation including any evidence with your response.</p>
23.	<p>Are there any other restrictions that you would place on the technologies that can be used in third party financed projects? Please provide an explanation including any evidence with your response.</p>
24.	<p>Would it be overly restrictive to only enable payments to either a single third party organisation (which might be a company or an individual investor), or to a third party organisation and the homeowner (i.e. not allowing multiple third parties to receive payments)? Why? Should there be a cap or restriction on the number of owners allowed? Please provide an explanation with your response.</p>
25.	<p>If multiple owners are enabled, would a “nominated owner” system as described above be acceptable? If not, what other administrative process would you prefer, bearing in mind the need to manage costs and maintain administrative simplicity? Please provide an explanation with your response.</p>
26.	<p>Should third party organisations be allowed to sell on their ownership of a heating system? Why? Please provide suggestions on how you think this should work in practice.</p>
27.	<p>If third party financing is introduced, who should complete the RHI application form?</p> <ul style="list-style-type: none"> <li>• The homeowner</li> <li>• The third party organisation</li> <li>• A combination of homeowner and the third party organisation, each completing</li> </ul>

	<p>respective sections</p> <p>Would this differ between the TPO and AOR models?</p> <p>Please provide an explanation and evidence for your answer.</p>
28.	<p>If third party organisations are introduced to the scheme, what changes to the application and accreditation process should be made for social landlords using third party financing? Would this differ between the TPO and AOR models?</p> <p>Please provide an explanation and evidence for your answer.</p>
29.	<p>Would you be in favour of introducing a “pre-application review” or a similar process to social landlords for third party organisations as outlined above?</p> <p>Please provide evidence and examples for your answer.</p>
30.	<p>What other information, advice or suggestions do you have for measures to simplify and lower costs for the application and accreditation process for third party organisations?</p> <p>Please provide evidence and examples for your answer.</p>
31.	<p>If third party financing is introduced, who should be required to meet each obligation and should any new obligations be introduced? Why? Would this differ between the TPO and AOR models?</p> <p>Please consider the list of current obligations in Appendix B in your responses.</p>
32.	<p>What changes to existing powers or additional powers do you think that Ofgem might need in order to accredit applications and administer the scheme if either AOR or TPO were introduced?</p> <p>Please provide an explanation including any evidence with your response.</p>
33.	<p>Are you in favour of Ofgem having the power to request to view contracts between the homeowner and third party organisation as part of the accreditation process?</p> <p>Please provide an explanation including any evidence with your response.</p>
34.	<p>Are you in favour of the homeowner and/or the occupier of the dwelling having the right to contact Ofgem and for Ofgem to have the authority to stop payments if notified of a dispute between the homeowner and third party organisation (e.g. if the third</p>

	<p>party organisation has agreed to maintain the system but has not done so).Please provide evidence for your answer. Can you think of any other potential disputes that might require this type of action? Please provide an explanation including any evidence with your response.</p>
35.	<p>What additional measures (if any) beyond those already in the Domestic RHI and delivered through MCS and RECC would you introduce to protect consumers? Do social landlords require different consumer protection? Please provide an explanation including any evidence with your response.</p>
36.	<p>To what extent do you think that the RHI scheme should regulate or restrict the contracts between consumers and third party organisations? Do you think financing packages should be allowed to include:</p> <ul style="list-style-type: none"> <li>• Buy back/out (option to terminate contracts early)</li> <li>• Flexible duration (less than 7 years)</li> <li>• Service and maintenance contracts</li> <li>• Consumer protection code</li> <li>• Restrictions around biomass use and sourcing</li> <li>• Another option (please advise)</li> </ul> <p>Please provide evidence and examples for your answer.</p>
37.	<p>Would organisations that are already offering finance under the current Domestic RHI Regulations switch to using TPO/AOR third party finance models if they are introduced? If not, why not? Please provide evidence for your answer.</p>
38.	<p>Should any consumer protection measures that are introduced for TPO/AOR third party finance models, be extended to those who continue to use existing models? Please provide your suggestions for the best method to achieve this.</p>
39.	<p>Are you aware of any impacts on the Domestic RHI, its participants and industries or potential participants, or the wider environment that are not already listed above? Please provide evidence and examples for your answer.</p>
40.	<p>Are there any other measures you think that we should be considering as part of introducing third party financing into the Domestic RHI?</p>



	Please provide evidence and examples for your answer.
--	---

## Non-Domestic RHI Questions

### Call for Evidence Questions

- |     |  |
|-----|--|
| 41. | Would the payment to a third party direct, further to an assignment of rights to payments, provide useful flexibility in the non-domestic scheme? What barriers could this help to overcome? What sorts of business model may it help / allow to develop? Please explain your answers. |
| 42. | What impact on deployment in the non-domestic sector might the flexibility to assign rights to payments such that a third party is paid direct have? Please explain your answer and provide evidence where possible.   |
| 43. | Are there technologies or sectors to which the assignment of rights to payments may be particularly useful, or if there are specific types of consumer in relation to which it would most likely be used? Please explain your answer and provide evidence where possible.              |
| 44. | Are there any other factors that should be considered as part of determining whether there is a case for introducing the assignment of rights to payments into the non-domestic RHI? Please elaborate.   |

## Appendix B – List of Ongoing Obligations in the Domestic RHI Regulations (2014)<sup>14</sup> for participants

Ongoing Obligations – General (Regulation 39)	
(a)	If the plant is biomass – requirement to give the scheme administrator, on request, evidence as to the type of fuel used.
(b)	No grants, other than those declared during application, should be received from public funds for any of the costs (purchase or installation) of the plant.
(c)	The participant must ensure that any accredited plant must continue to meet the eligibility criteria.
(d)	The participant must comply with any condition that is attached to their accreditation.
(e)	The participant must keep the heating system in good working order.
(f)	If the participant does not own the property, s/he must provide a copy of any notification of any change of ownership of the plant that has taken place, or any change of ownership that is planned in the next 28 days, to the owner of the property.
(g)	The participant must repay any overpayment in accordance with any notice served by Ofgem.
(h)	The participant must not move the plant to a new location.
(i)	The participant must comply with any administrative requirements made by the scheme administrator for the effective administration of the Domestic RHI.
(j)	The participant must allow access to the RHI property if requested by the Secretary of State, the scheme administrator or someone authorised by the scheme administrator, and must offer reasonable co-operation to that person.
(k)	The participant must participate with any other requests made by the Secretary of State under Regulation 63 (c) (iii); which include helping with the maintenance and reading of meters, keeping relevant records and providing relevant information as specified by the Secretary of State.

<sup>14</sup> The Domestic Renewable Heat Incentive Scheme Regulations 2014 - <http://www.legislation.gov.uk/ukdsi/2014/9780111109458/introduction>

(l)	If the participant does not live in the property, the participant must have agreement from the occupants of the property that they will allow the Secretary of State, the scheme administrator or someone authorised by the scheme administrator access if requested under Regulation 56 or Regulation 63 (3) (b), (to inspect the plant).
(m)	If a property has been accredited to the Domestic RHI, the participant cannot apply to the Non-Domestic RHI for that property or any other plant that provides heat to that property.

### Ongoing Obligations – Changes affecting accredited domestic plants (Regulation 40)

(1)	The participant must notify the scheme administrator if, during the period that they are receiving the tariff;
(a)	they become aware that any information used during the application is incorrect.
(b)	the plant stops generating heat.
(c)	a replacement plant is installed at the property which generates heat.
(d)	any other plant is installed at the property which generates heat.
(e)	the property is occupied for less than 183 days in any 12 month period during the tariff lifetime (unless the property is metered).
(f)	The plant stops generating heat for an eligible purpose (biomass/heat pumps – space heating and domestic hot water, solar thermal – domestic hot water only).
(g)	The participant becomes aware that they will not be able to comply with an ongoing obligation.
(h)	The participant ceases to comply with an ongoing obligation.
(i)	There is a planned change of ownership of all or part of the plant in the next 28 days.
(j)	Any change of ownership of all or part of the plant has taken effect.
(k)	Any other change has taken place which may affect the eligibility of the participant to receive RHI payments.
(l)	Any meter that is required at the property is moved, removed, replaced, reset, ceases to operate or be in good working order, or be eligible.
(2)	Any notification under this regulation must be made within 28 days of the participant becoming aware of the circumstances to which the notification relates.

## Ongoing Obligations – Annual Declarations (Regulation 41)

The participant must make an annual declaration to the scheme administrator, confirming

(a)	that they continue to own the plant.
(b)	that they (and previous owners) have not received; <ul style="list-style-type: none"> <li>Any grants from public funds (that have not already been declared to the scheme administrator).</li> <li>Funding from another source other than a loan or Green Deal Plan which they have to repay for the 100% of the purchase or installation of the plant.</li> </ul>
(c)	that the plant is in good working order and has not been replaced (unless the scheme administrator was notified at the time of the replacement under Regulation 40).
(d)	the number of days that the property was occupied in the previous 12 months and the estimated number of days that the property is expected to be occupied in the next 12 months.
(e)	if the participant does not live in the property, that all occupants have agreed to permit access to the property by the Secretary of State, the scheme administrator, or someone authorised by the scheme administrator.
(f)	if the plant requires metering, that each eligible meter is in good working order.

## Ongoing Obligations – Emissions from Biomass (Regulation 42)<sup>15</sup>

If the plant is a biomass plant; the participant must;

(a)	use fuel of a type specified in the RHI emissions certificate.
(b)	use fuel with a moisture content that is no greater than that specified in the RHI emissions certificate.
(c)	operate the plant in accordance with the manufacturer's instructions for that plant in relation to the control of the emissions of particulate matter and nitrogen oxides.

<sup>15</sup> The ongoing obligations relating to biomass are being amended in 2015 to require the use of approved sustainable fuels under a scheme approved by the Secretary of State in accordance with regulation 36E of the Renewable Heat Incentive Scheme Regulations 2011.

<b>Ongoing Obligations – Metering (Regulation 43)</b>	
(1)	Where the scheme administrator has provided a metering statement for the plant, the participant must ensure that;
(2) (a)	all heat generated by the plant from the date of the metering statement to the end of the tariff is metered.
(2) (b)	eligible meters are correctly positioned (as specified in the metering statement).
(2) (c)	If the scheme administrator has authorised a metering arrangement, that the meters are positioned as set out in that arrangement.
(3)	The participant must keep each eligible meter;
(3) (a)	in good working order.
(3) (b)	positioned (in accordance with the metering statement).
(4)	The scheme administrator may request that the participant provide meter readings and other data from eligible meters.
(5)	Any meter readings provided by the participant to the scheme administrator must be provided;
(5) (a)	in the form requested by the scheme administrator.
(5) (b)	by the date requested or at the regular intervals requested by the scheme administrator.
(6)	If appropriate, the scheme administrator can accept additional information from the participant.

<b>Ongoing Obligations – Provision of Information (Regulation 44)</b>	
(1)	The participant must provide the scheme administrator with any information that the participant holds, that the scheme administrator deems necessary to administer the scheme.
(2)	The participant must retain a copy of;
(2) (a)	any information that is relied on when making an application.
(2) (b)	any other evidence which verifies that the plant meets the eligibility criteria or that the participant is continuing to apply with the ongoing obligations.

(3)	If the scheme administrator requests information, this must be supplied either within 28 days or a later date specified by the scheme administrator.
-----	--

