

Defence Infrastructure Organisation

Subject: RENEWABLE HEAT INCENTIVE (RHI) Number: 02/12 DIO Secretariat Strategy & Policy Sponsor: Ray Dickinson, DIO Strat Pol-Policy4 (94421 3693/0121 311 3693) Contact if different from above Sponsor: Who Should Read this: Heads of Establishments, MOD Contract Managers including PFIs, Maintenance Management Organisations, DDs Estate Management in Great Britain. When it takes effect: Immediately When it is due to expire: when rescinded

Document aim:

This Information Note provides details on Renewable Heat Incentive (RHI) which has been introduced in Great Britain to increase the uptake of renewable heat technologies by providing incentive payments to eligible generators of renewable heat for commercial, industrial, not for profit and public sector purposes. A similar scheme is due to be in place for Northern Ireland from 1 Apr 2012.

RENEWABLE HEAT INCENTIVE – Application on the Defence Estate

The Renewable Heat Incentive Scheme

- 1. The Renewable Heat Incentive (RHI) for non-domestic generators in Great Britain opened for applications on Monday 28 November 2011. RHI payments for the domestic sector will be introduced in autumn 2012 alongside the Green Deal.
- 2. The scheme requires the Office of Gas and Electricity Markets (Ofgem) to administer the scheme on behalf of Government, accredit installations as eligible for RHI, make payments to accredited scheme participants and monitor compliance within scheme rules by participants.

3. RHI works alongside the <u>Renewables Obligation (RO)</u> which is currently the primary mechanism to support deployment of large-scale renewable electricity generation and <u>Feed-in</u> Tariffs (FITs) which support small scale low carbon electricity generation.

Benefits of RHI

- 4. The objective of the RHI is to significantly increase the proportion of the UK's heat that is generated from renewable sources.
- 5. The scheme provides a subsidy per kWhth of eligible renewable heat generated from accredited installations and by registered producers of biomethane.

Receiving RHI Payments

- 6. There are the steps to receiving RHI payments:
 - a. Step 1 Check eligibility.
 - b. Step 2 Make an application for accreditation.
 - c. Step 3 Comply with ongoing obligations to remain eligible for support.

Step 1 - Eligibility

General Eligibility

- 7. The key criteria below have to be met in order to be eligible for the RHI (this is not an exhaustive list please refer to paragraph 21 for references to further guidance):
 - a. The installation must be of an eligible technology type and size.
 - b. The plant must have been completed and first commissioned on or after 15 Jul 09.
 - c. The heat for which the RHI is claimed must be being used for an eligible purpose.
 - d. No grant from public funds can have been paid for any of the costs of purchasing or installing the technology.
 - e. The plant must be new at time of installation.
 - f. The heating system which the installation provides heat to must use liquid or steam as its heat delivery medium.
 - g. For installations of 45kWth and below both the equipment and the installer must be certified under the MicroGeneration Certification Scheme (MCS) or an equivalent scheme.
 - h. Non-domestic participants only (the RHI will be extended to include domestic premises in autumn 2012, in line with the launch of the Green Deal).

Eligible Technologies

- 8. The following technologies are eligible for support under the RHI:
 - a. Solid biomass and solid biomass contained in municipal waste (including CHP).
 - b. Ground and water source heat pumps.
 - c. Geothermal (including CHP).
 - d. Solar thermal (at capacities of less than 200 kWth).

- e. Biogas combustion (except from landfill gas but including CHP; at capacities of less than 200 kWth), and
- f. Biomethane injection.

Heat Use

- 9. To be eligible for RHI support the heat generated by the installation must be used for eligible purposes within a building: heating a space, heating water or carrying out a process but <u>not</u> the generation of heat for electricity.
- 10. Renewable heat generated to meet the heat loads below are NOT eligible for RHI:
 - a. Heating of external surfaces to prevent frost or cold temperatures.
 - b. Underground heating of open external spaces e.g. recreation facilities.
 - c. Heating of open air or partially enclosed swimming pools.

Step 2 - Make an application for accreditation

All eligible MOD installations must be registered on the MOD account in the Ofgem RHI Register. The MOD account will be created and managed by the DIO Utilities Team. The Project Manager for the installation must contact the MOD Account Manager to agree who will make the initial application for accreditation.

11. The nominated person will collate details of the installation, heating system and heat use and initiate the application for accreditation.

Step 3 - Ongoing Obligations

- 12. All RHI participants have to comply with ongoing obligations to remain eligible for support. This will include providing meter readings on a quarterly basis to Ofgem and also submitting an annual declaration to Ofgem confirming current and continued compliance.
- 13. Submission of reporting information and completion of the annual declaration (see below) must be undertaken the Authorised Contact at installation level and submitted via the Account Manager.
- 14. As a general principle, MOD Maintenance Management Organisations are to retain evidence relating to the installation's design and installation, such as technical calculations, drawings, commissioning data or other operating and maintenance documentation, as applicable to the installation. Ofgem may ask to see this during the accreditation process or as part of an audit.
- 15. The principle ongoing reporting requirements are:
 - a. Annual declarations (anniversary of date accredited).
 - b. Meter readings and heat output data quarterly or monthly readings.
 - c. Ongoing fuelling requirements records for audit purposes.
 - d. Biomass sustainability reporting quarterly questionnaire.

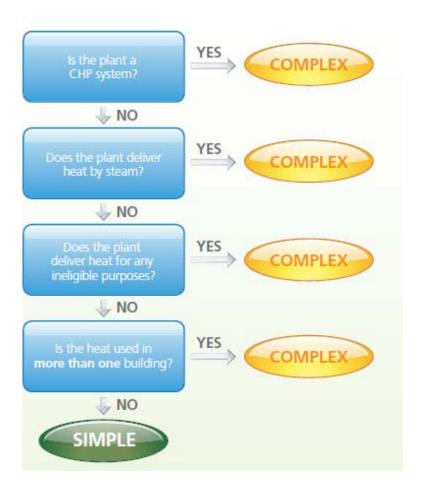
And by exception:

- e. Additional capacity.
- f. Change in ownership of an RHI accredited installation.

Metering

- 16. In order to calculate quarterly payments meter readings must be provided to Ofgem that show the amount of eligible heat generated in the quarter. The installation must have at least one appropriate heat or steam meter. (All heat meters for RHI purposes must meet certain standards, see paragraph 21 further details).
- 17. Different metering requirements apply depending on whether the installation is 'simple' or 'complex'; this is illustrated at Figure 1.
- 18. If the system is classed as 'simple' only the heat generated by the eligible installation needs to be metered. If, however, the system is considered 'complex' heat meters will need to be placed to measure three quantities:
 - Heat generated by the eligible installation.
 - Total heat generated by all plants supplying heat to the heating system of which the installation forms part.
 - Heat used for eligible purposes by the heating system.

Figure 1 – Complex and Simple RHI Installations



Payments/Tariffs

19. Payments will be calculated by multiplying the appropriate tariff for the installation (see Figure 2) by the amount of eligible heat generated (the calculation for 'complex' installations includes other factors). Payments will be made on a quarterly basis, according to accreditation date. Payment will not be made until Ofgem have received all the relevant periodic data for the quarter. Payments to MOD will be administered by the DIO Utilities Team.

Figure 2 – Tariff Rates

Levels of support			
Tariff name	Eligible technology	Eligible sizes	Tariff rate (pence/kWh)
Small biomass	Solid biomass; Municipal Solid Waste (incl. Combined Heat and Power)	Less than 200 kWth	Tier 1: 7.6
			Tier 2: 2.0
Medium biomass		200 kWth to 1,000 kWth	Tier 1: 4.9
			Tier 2: 2.0
Large biomass and above		1,000 kWthC	2.7
Small ground source	Ground-source heat pumps; Water source heat pumps; geothermal	Less than 100 kWth	4.5
Large ground source		100 kWth and above	3.2
Solar thermal	Solar thermal	Less than 200 kWth	8.5
Biomethane	Biomethane injection and biogas combustion, except from landfill gas	Biomethane all scales, biogas combustion <200 kWth	6.8

Further Information

21. DECC RHI Policy Document available at: www.decc.gov.uk/rhi

Ofgem RHI Guidance Documents available at:

Volume 1: http://www.ofgem.gov.uk/e-

serve/RHI/Documents1/RenewableHeatIncentiveGuidanceConsultationVolumeOne.pdf

Volume 2: http://www.ofgem.gov.uk/e-

serve/RHI/Documents1/RenewableHeatIncentiveGuidanceConsultationVolumeTwo.pdf

22. The DIO Utilities Team can be contacted on:

Phone: 95421 8169/01446 798169

Fax: 95421 8181/01446 798181

Email: <u>DIOStratPol-UMBS-2@mod.uk</u>

Address: MOD RHI Installations, Defence Infrastructure Organisation, Bldg 110, Churchill Lines, MoD

St Athan, Barry, Vale of Glamorgan, CF62 4WA