

A beginner's guide to the Renewable Heat Incentive

The Renewable Heat Incentive is a government payment scheme designed to encourage people to invest in systems which generate heat from renewable sources.

The aim of the scheme is to reduce our use of fossil fuels like gas and oil and increase the amount of heat generated by renewable technologies (such as biomass boilers, solar thermal panels and heat pumps). The Renewable Heat Incentive (RHI) will pay a subsidy to people installing these kinds of heating systems.

The scheme applies to domestic and non-domestic systems (e.g. offices, factories and community buildings like village halls), though the details vary somewhat between them. This leaflet focuses on domestic systems for homes, and is really only an introduction to the scheme.

Householders who have installed eligible renewable energy systems (since 15 July 2009) can claim RHI payments for every kilowatt hour (kWh) unit of heat generated. The amount you are paid will depend on:

- The type and (in some cases) the size of the system.
- The amount of heat your system generates, in kWh.

Which technologies and fuels are eligible?

There are various heating systems that you could install in your home that qualify for the RHI. These provide either heating, or hot water for the kitchen and bathroom. The three main ones are:

1) Solar thermal. This type of solar panel uses energy from the sun to heat water, usually for washing and cooking. (They are not the same as solar PV panels which generate electricity.)



For householders, the RHI can be claimed for solar hot water, biomass and heat pumps



2) Biomass boilers for burning solid biomass fuel and biomass stoves burning wood pellets to provide space heating and domestic hot water.

3) Ground-to-water heat pumps and air-to-water heat pumps. These extract the 'latent heat' from the ground or air and provide space heating and hot water. Air-to-air source heat pumps are not eligible for the RHI scheme (see overleaf).

Even if the system you install is eligible, you won't qualify for the RHI unless you meet other eligibility criteria. The main one being that the building is properly insulated, with an Energy Performance Certificate (EPC) no more than 12-months old.

This is partly because your RHI payments will be based on the building's deemed (estimated) heat demand mentioned in the EPC. Heat pumps are slightly different as these now require a meter to monitor output accurately. These RHI payments may be capped as heat demand limits are placed on heat pumps and biomass boilers, and households cannot be paid for any heat generated over the capped kWh limit.



For further information about each renewable technology see our website
www.cse.org.uk/loveyourhome

How much will I be paid?

The table below shows the current rates for the standard domestic renewable heat technologies. In most cases payments will be based on an estimate of the heat demand at the property. Householders will receive these payments on a quarterly basis over seven years. These payments are linked to inflation (though people entering the scheme in future may receive less, as mentioned below).

Here's an example of how payment for a solar thermal system is calculated. Let's say you install a solar thermal hot water system. It will output around 1,720 kWh over the year. You will be paid 21.09p per kWh, which works out at $1,720 \times 0.2109 = \text{£}362.75$ a year. The heat output may be metered, but is more likely to be 'deemed' (i.e. estimated according to the size of the system).

Technology	Payment per kilowatt hour (kWh)*
Biomass boilers	6.88p
Ground-to-water heat pumps	20.89p
Air-to-water heat pumps	10.71p
Solar thermal	21.09p

* Each quarter, the Department of Energy & Climate Change reviews the tariff rates in case spending on a technology has reached a cap. The rate for any of the four technologies can then be reduced by 10%. This may affect anyone applying for the RHI after the quarterly review.

Figures correct as of summer 2019.

Regulation

For domestic properties your installer must be Microgeneration Certification Scheme (or equivalent) accredited. See www.mcscertified.com for details.

The energy regulator Ofgem requires that recipients of the RHI comply with various obligations throughout the lifetime of the scheme. This may include providing meter readings and undertaking regular maintenance, and there may also be periodic inspections. The property must also have 250mm of loft insulation and cavity wall insulation where appropriate.

Things to think about and next steps

Even with the RHI, investing in a solar hot water system, a heat pump or a biomass boiler isn't a decision to be taken lightly. In particular, if you're currently heating your home with mains gas (which is cheap), your payback time will be much longer than if you're using a more expensive fuel like oil or electricity, so consider in advance whether it is worth your while.

When you do your calculations, remember to take any savings on fuel costs into account as well as the RHI payments. And bear in mind, too, that if you can combine the installation with works that you need to do anyway, for example having solar panels installed at the same time as having your roof re-done, this could reduce the cost. Other issues to consider are whether you have an appropriate place to store your fuel (if you're thinking of a biomass system), and whether or not you'll need planning permission (which may involve additional costs).

Assignment of rights

'Assignment of rights', introduced in May 2018, is an option to help householders access finance to overcome the upfront cost of a renewable heating system. This option allows an investor to assist in meeting the costs of the installation of a domestic renewable heating system for households. The Household can then assign their rights to RHI payments to the "nominated" investor (who must be approved by, and registered with, Ofgem).

To find out more about the domestic Renewable Heat Incentive, call one of the numbers below:

England: Energy Advice Service 0808 444 202

Scotland: Home Energy Scotland 0808 808 2282

Wales: Nest 0808 808 2244

If you are ready to apply to the domestic RHI, visit <https://domesticrhi.ofgem.gov.uk/apply>



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Charity: 298740
Founded: 1979

The Centre for Sustainable Energy is a national charity that helps people change the way they think and act on energy.

Our Home Energy Team offers free advice on domestic energy use to people in Bristol, Somerset, Wiltshire, South Gloucestershire and Dorset.



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