

# Domestic Renewable Heat Incentive (RHI)

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Domestic



## Factsheet: Important changes to the Domestic RHI scheme

### What do the Government reforms mean for me?

This factsheet provides a brief summary of the policy changes to the Domestic RHI scheme which the Government announced in its consultation response '[The Renewable Heat Incentive: A Reformed Scheme](#)'

#### Overview

In March 2016, the Government published a consultation on changes to the Domestic Renewable Heat Incentive (RHI) scheme. After taking into account the feedback it received, The Department for Business, Energy & Industrial Strategy (BEIS) published its [consultation response](#) on 14 December 2016.

This factsheet highlights the changes to the Domestic RHI scheme announced in the consultation response. Subject to Parliamentary approval, these changes to the Regulations are expected to come into force in spring 2017.

#### Tariff uplift

The tariffs that determine the rates for your Domestic RHI payments are set by BEIS. The current tariffs are published on the Domestic RHI '[Tariffs and Payments](#)' page.

BEIS has announced tariff increases for three of the eligible renewable heating technology types for the scheme. The tariff uplifts for new air source heat pump (ASHP), ground source heat pump (GSHP), and biomass system accreditations can be found in Figure 1 below. There will be no changes to tariff rates for solar thermal systems.

Those who apply to the scheme on or after 14 December 2016 will be eligible for the current tariff rate at the date of applying, and then will subsequently be eligible for the increased tariff rate from the day the amended Domestic RHI Scheme Regulations come into force in spring 2017. This tariff increase will happen automatically so you don't need to do anything.



Find out more about what the tariffs are and how they work in our '[Tariffs and payments for the Domestic RHI](#)' factsheet.

Technology Type	Current Tariff (p/kWh)	Tariffs from 1 Jan 2017	Uplifted Tariff (p/kWh)
Biomass plant	4.68p	4.21p	6.44 p
Air source heat pump	7.51 p	7.51p	10.02 p
Ground source heat pump	19.33 p	19.33p	19.55 p

**Fig 1 Tariff uplift rates**

## Heat demand limits

Domestic RHI subsidy payments are publicly funded so BEIS must ensure the subsidies represent good value for money in order to protect the public purse.

For this reason, BEIS is introducing 'heat demand limits' to the Domestic RHI scheme. This means that there will be a limit to the financial support that scheme participants can receive for their heat use annually.

Heat demand limits will be set for ASHPs, GSHPs and biomass systems. The figures for the heat demand limits can be found in Figure 2.

Payments for heat pumps will continue to be made only on the renewable proportion of the heat demand, in line with the current scheme rules. There will be no heat demand limit for solar thermal. Solar thermal payments will continue to be based on the annual generation figure on the Microgeneration Certification Scheme (MCS) certificate.

Technology Type	Annual Heat Demand Limit (kWh)
Air Source Heat Pumps	20,000
Ground Source Heat Pumps	30,000
Biomass plant	25,000

**Fig 2 Heat demand limits**

It's important to note that you can still apply if your annual heat demand on your Energy Performance Certificate (EPC) is higher than the heat demand limit, however your RHI payments will be capped in line with these limits.

## Metering heat pumps for performance

After the Regulations come into effect in spring 2017, all new accreditation applications for heat pumps to the Domestic RHI scheme will be required to have electricity metering arrangements installed alongside their heating system.

The three metering options are electricity metering, on-board electricity metering, or a [metering and monitoring service package \(MMSP\)](#). Of the three options, MMSP provides consumers with the most detailed data on the performance of their heat pump system. Read more about all of the options in the [Government's consultation response](#).

This change is being introduced to enable consumers to monitor the performance of their heating system and to provide a better understanding of the heat pump system's electricity usage. Efficient heat pumps are essential to deliver savings on energy bills for consumers.

Domestic RHI payments will continue to be based on the deemed heat load - or the new heat demand limit (where relevant) - of the property stated on your EPC, unless your property is required to have metering for payment under the existing scheme rules.

**BEIS is also introducing a new payment schedule for MMSP:** New MMSP registrations will be able to get 50% of the total MMSP payment alongside their first Domestic RHI payment following registration of the MMSP, and the remaining 50% over the course of their remaining Domestic RHI tariff payments.



## Degression

To keep the scheme within budget, BEIS lowers the tariff rates for new applications when uptake of the scheme is higher than anticipated. These tariff controls are required to ensure the scheme remains affordable and open to new applicants. This mechanism is called 'deggression'.

A deggression takes place for a specific technology when expenditure thresholds set out in the Regulations have been exceeded, which means the tariffs for that technology are reduced for new applications.

The current approach allows deggressions to take place even when there has only been limited growth, so BEIS will be introducing a new rule to ensure growth is always taken into account. This means deggressions won't be triggered when the number of accreditations for a particular technology has slowed down.

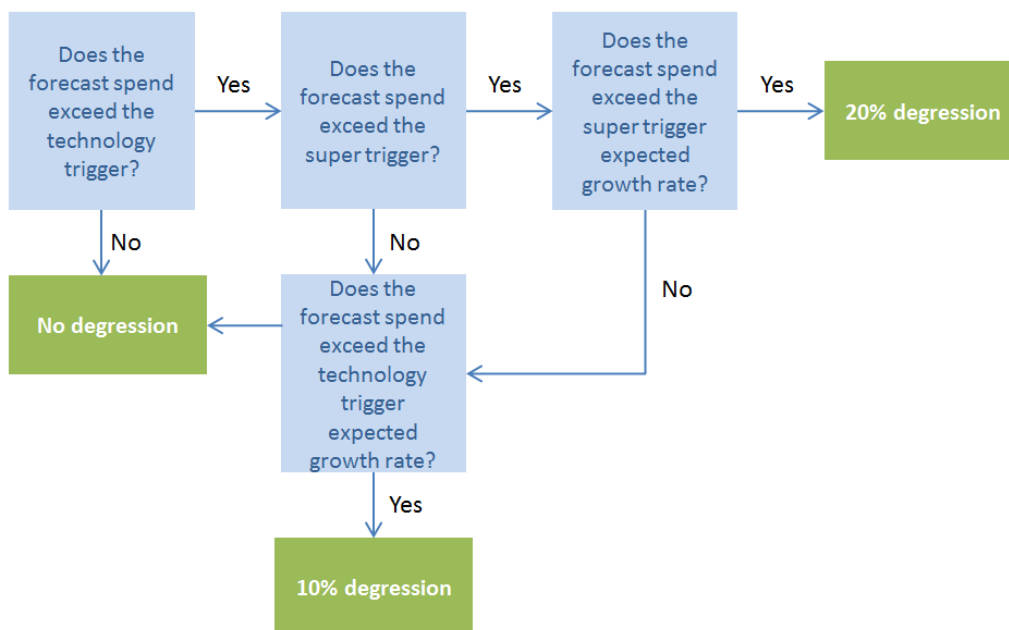
There are three scenarios in which a deggression can be triggered:

1. If the estimated budget spend for a specific technology is above the 'technology trigger' *and* the growth in estimated spend is also above the 'growth trigger', the tariff for that technology will be reduced by 10%.
2. If the estimated budget spend for a specific technology is above the 'super-technology trigger' *and* the growth in estimated spend is also above the 'super-growth trigger', the tariff for that technology will be reduced by 20%.
3. If the estimated budget spend for a specific technology is above the 'super-technology trigger' *and* the growth in estimated spend is also above the 'growth trigger', *but* less than the 'super-growth trigger' the tariff for that technology will be reduced by 10%.

In all other circumstances, there will be no deggression.

If there is to be a deggression, BEIS announces this in [its quarterly forecast](#).

Figure 3 shows the process of how a deggression is determined.



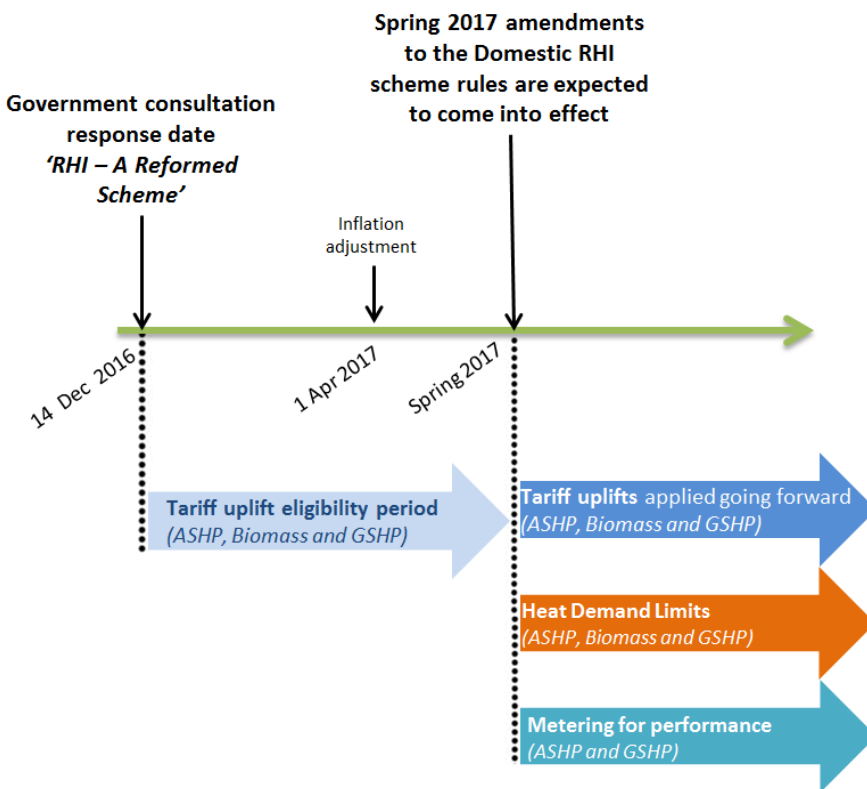
**Fig 3 Degression process**

## Assignment of Rights

Between January and March 2015, the Government held a 'call for evidence' on the possibility of opening up the Domestic RHI to help householders access finance to overcome the barrier of the up front cost of a renewable heating system. To ensure there are robust consumer protection measures in place, the option for households to assign their rights to RHI payments to investors will not be introduced alongside the spring 2017 reforms. BEIS will continue to consider this option and intend to introduce this reform at a later date.

## Timeline of changes to the Regulations

Figure 4 shows an overview of the changes coming into effect.



**Fig 4 Regulations change**

You can read the full consultation response [here](#).

## Guide material

We update our guide material regularly. Check the website for the latest versions, to be sure you're reading the most up-to-date information.

### Domestic RHI factsheets

[An Introduction to the Domestic Renewable Heat Incentive](#)

[The Renewable Heat Incentive – Domestic or Non-Domestic?](#)

[A Metering and Monitoring Service Package for the Domestic RHI](#)

### Domestic RHI Reference Document

[Domestic RHI Reference Document](#)

## Find out more

### Next steps

See our website:

[Domestic RHI](#)

## For help

For queries regarding Domestic RHI scheme requirements and eligibility:

### Energy Saving Advice Service

(England or Wales) **0300 123 1234**

Calls are charged at the standard national rate.

**Email** [energy-advice@est.org.uk](mailto:energy-advice@est.org.uk)

### Home Energy Scotland

(Scotland) **0808 808 2282**

Calls are free from landlines and most mobile networks

**[Online email form](#)**

For consumer protection information:

### Renewable Energy Consumer Code (RECC)

[www.recc.org.uk](http://www.recc.org.uk)

### The Home Insulation and Energy Systems

#### Contractors Scheme (HIES)

[www.hiesscheme.org.uk](http://www.hiesscheme.org.uk)

If you need help with a Domestic RHI application:

### Domestic RHI Application Support Centre

Telephone: **0300 003 0744**

Email: [DomesticRHI@ofgem.gov.uk](mailto:DomesticRHI@ofgem.gov.uk)