

Renewable Heat Incentive

Annual Report

www.ofgem.gov.uk

July 2013

This first issue of the annual report provides an update on the Renewable Heat Incentive (RHI) from November 2011, when the scheme was launched, to March 2013. The report presents a summary of the RHI statistics and data.



The first year of the Renewable Heat Incentive (RHI) – November 2011 to March 2013

The government introduced the RHI in November 2011. Since then, Ofgem has administered the scheme on behalf of the Department of Energy and Climate Change (DECC) including accrediting installations and paying participants for eligible heat generated or biomethane produced. In addition, we have monitored compliance and undertaken inspections to protect public money and ensure the scheme regulations are adhered to.

The RHI is the government's key mechanism for driving uptake of renewable heat to help deliver the UK's contribution to the EU renewables target by generating 15% of energy from renewable sources by 2020. Across England, Scotland and Wales, we have:

- supported 1,984 applicants and accredited 1,238 installations
- made £7.62m in scheme payments to accredited participants
- run an intense programme of audit to identify non-compliance
- carried out 1,984 identity and bank validation checks
- accredited 266MW of capacity to the RHI scheme
- dealt with 19,088 calls and 21,193 emails
- spoke at 67 events to understand the needs of our stakeholders and gather their feedback.

In this first year, we acquired valuable experience and have worked closely with the Ofgem Industry Advisory Group (IAG) as well as all our stakeholders to address their needs and improve the implementation of the RHI scheme. Stakeholders have shown strong commitment and openness in providing feedback and this has been valuable to our assessments. As a result, we have taken action and have:

- improved communications by revamping the RHI guidance and the information on the RHI web pages
- worked with industry to develop training courses on heat meter installations
- improved the expertise of authors of the Independent Report on Metering Arrangements

The first year of the Renewable Heat Incentive (RHI) – November 2011 to March 2013 **Continued**

- provided more clarity on the RHI application process, including supporting information required and other advice for achieving a swift accreditation.

While working on improving the existing support to participants, we are also looking at the future and what challenges may lie ahead.

DECC has stated that it intends to extend the RHI and increase the number of technologies and fuels which are eligible. It intends to extend the RHI scheme to domestic customers and expects the launch to be in 2014.

We are very excited about this second phase of the RHI and look forward to working with domestic customers, continuing to drive change in the heat sector and improving energy security.

Annual results - November 2011 to March 2013

The five graphics below and on the next page give the status of RHI applications; the RHI installed payments and capacity at the end of each quarter since the scheme began; the proportion of accredited RHI installations by technology type; total capacity installed by country; and number of accredited installations by country.

Chart 1: RHI application process

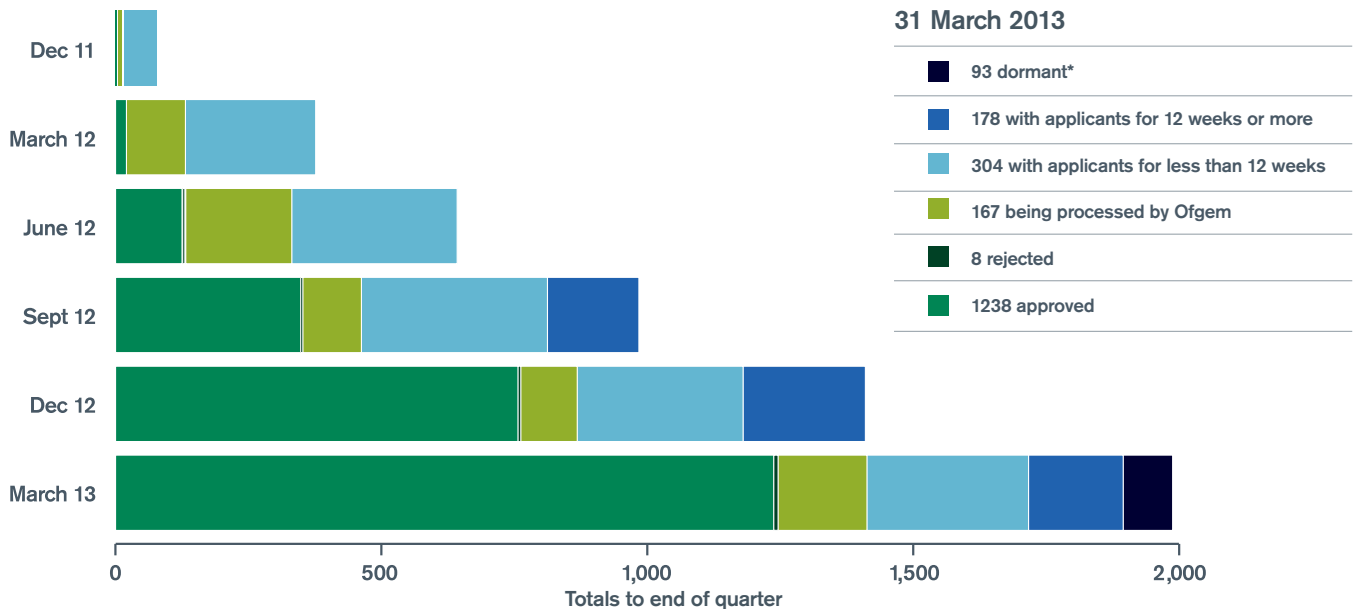
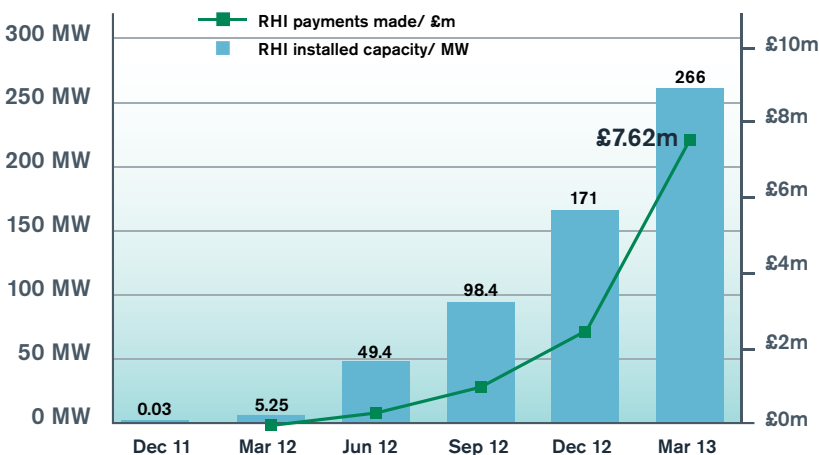


Chart 2: RHI installed capacity and payments - cumulative



RHI payments are made on quarterly heat data submitted by participants with the first payments made in December 2011. Total quarterly payments are expected to continue to rise reflecting the increase in accredited installations.

* Dormant means that if these applicants do provide the necessary information we will re-activate their applications and review them as appropriate

Total amount of heat generated
- November 2011 to March 2013

167,816,399.918 kWhth

Chart 3: Proportion of accredited RHI installations by technology type
- percentage of installations

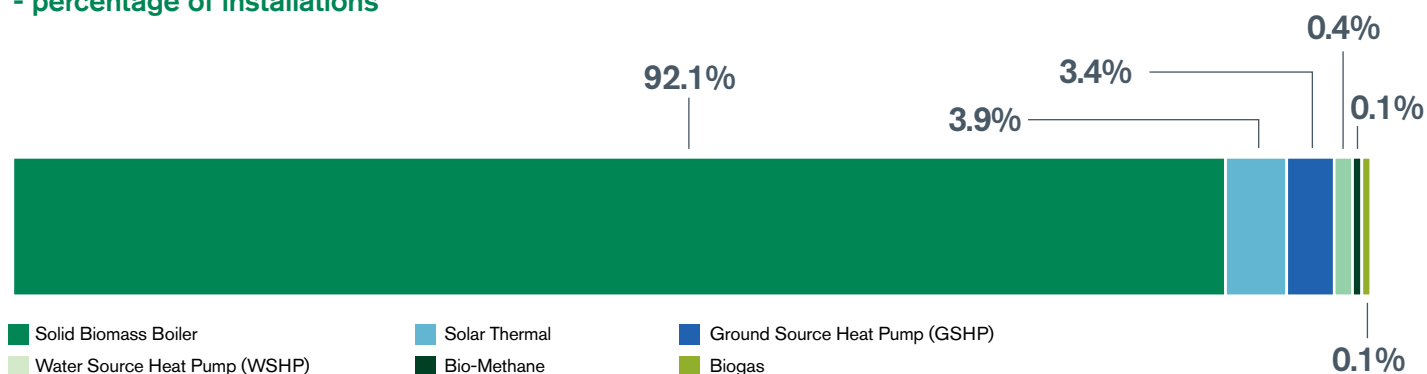


Chart 4: Total capacity installed by country - cumulative

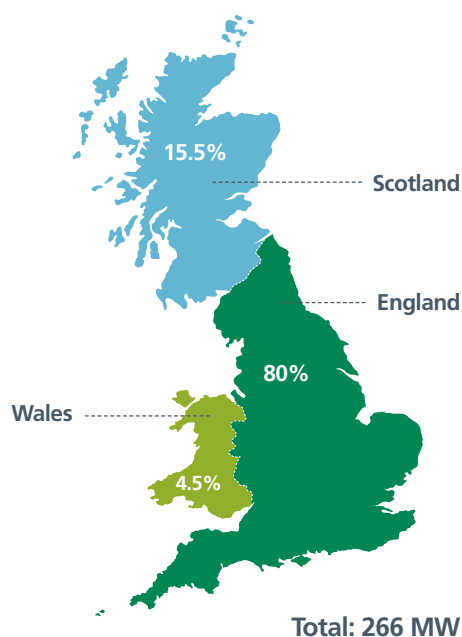
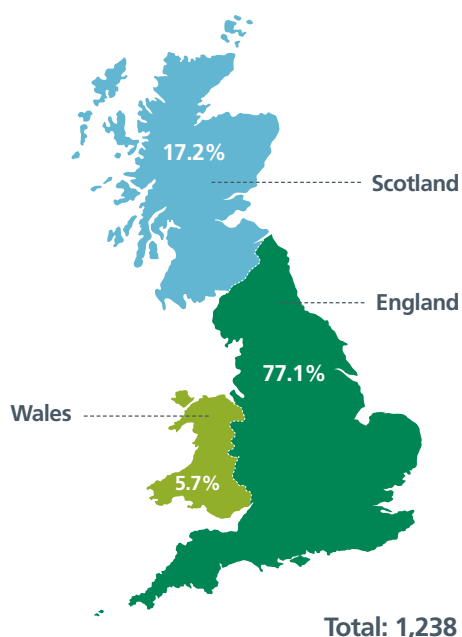


Chart 5: Number of accredited installations by country - cumulative



Further RHI data and statistics

If you would like to find out more about statistics for the RHI non-domestic, please visit www.ofgem.gov.uk/rhi and read the RHI public report. It provides information on the numbers of accredited installations/registered biomethane producers within the RHI scheme as well as heat/biomethane produced and subsequent payments made.

Monthly and quarterly statistical updates on the uptake of the RHI are available to download at DECC's website at: <https://www.gov.uk/government/organisations/department-of-energy-climate-change/series/renewable-heat-incentive-renewable-heat-premium-payment-statistics>

Proposed RHI domestic

If you would like to raise any enquiries about the proposed domestic scheme, please contact the Department of Energy and Climate Change (DECC) RHI team at rhi@decc.gsi.gov.uk

Latest changes to non-domestic RHI regulations

On 30 April 2013 the Renewable Heat Incentive Scheme (Amendment) Regulations 2013 came into effect. These regulations introduced:

- a long term cost control mechanism, otherwise referred to as the degression mechanism
- removal of the provisions relating to the scheme suspension mechanism (Stand-by Budget Mechanism) introduced in the Renewable Heat Incentive Scheme (Amendment) Regulations 2012.

The degression mechanism enables reductions to be made to an individual tariff, or all tariffs, if certain requirements set out in the RHI (Amendment) Regulations are met. It aims to ensure that the non-domestic RHI does not exceed its fixed annual budgets by lowering tariffs to bring deployment down in line with affordable levels.

We are also making preparations for expected legislative amendments to introduce air quality and metering requirements:

Simplification of metering requirements

DECC is addressing issues raised by stakeholders about the complexity of metering requirements and the proportion of complex systems. DECC is addressing this by requiring that the installation only installs meters necessary for the RHI payment formula. This will allow heat loss from external pipework to be disregarded in specific circumstances (ie if properly insulated). If it is either physically or financially problematic to install a heat meter, we will allow applicants to instead submit a heat loss calculation.

Air quality (AQ) compliance

DECC is introducing requirements for all biomass burning installations to submit a valid certificate or an environmental permit with their application. This will need to show that the boiler complies with the required AQ limits. All applicants with biomass burning installations will now need to submit an RHI emission certificate or a valid environmental permit with their application. If an applicant is submitting an RHI emission certificate it will need to show that the boiler complies with the specified air quality limits.

There are also a number of minor regulatory amendments coming into effect. Please visit the DECC website for further details and for any further information about changes to the RHI regulations.



Key contacts

RHI

For more information, visit the Ofgem webpage at www.ofgem.gov.uk/rhi. You will find clear information about the accreditation process, how to apply and instructions on your ongoing obligations.

Alternatively, you can contact the RHI enquiry team on **0845 200 2122**, or via email at RHI.Enquiry@ofgem.gov.uk

Press enquiries

For press enquiries please contact the Ofgem press office on **020 7901 3858**

Renewable Heat Premium Payment (RHPP)

For information on support for installing renewable heat technologies in domestic properties under the Renewable Heat Premium Payment (RHPP) please contact the Energy Saving Trust (EST) on **0800 512 012** or visit their website at www.energysavingtrust.org/RHPP