Non-Domestic Renewable Heat Incentive (NDRHI)

Annual Report

Scheme Year 14 (1 April 2024 – 31 March 2025)

ofgem

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for energy consumers

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Foreword

Heating in the non-domestic sector is a major contributor to the UK's carbon emissions, and decarbonising this heat is essential to achieving the UK's net zero targets. The Non-Domestic Renewable Heat Incentive (NDRHI) was launched in 2011 as a pioneering scheme to support the deployment of renewable heating systems across commercial, public and industrial sectors. As a first of its kind globally[1], the scheme was designed with a clear purpose: to reduce emissions, support innovation, and help build a greener energy system. Over more than a decade, the NDRHI has helped reshape how heat is generated and used across the UK, enabling over 20,000 organisations to switch from fossil fuels to more sustainable heat sources and significantly reduce their carbon footprints.

The NDRHI is one of 12 schemes Ofgem administers on behalf of the UK government. With a projected value set to exceed £12 billion in the year 2024 to 2025, our schemes work to advance decarbonisation and support vulnerable consumers. Whilst the Department for Energy Security and Net Zero (DESNZ) retains overall policy responsibility, Ofgem are entrusted with the scheme's administration. Key to our role is processing applications and amendments, calculating and issuing payments for eligible heat generation or green gas injection, and guarding the scheme from fraud and error.

Although the scheme closed to new applicants on 31 March 2021, our work continues. We remain committed to supporting existing participants to the end of their payment period, which for some extends to 2041, while ensuring the scheme continues to deliver on its long-term objectives and provides value for money for the taxpayer.

This year's report highlights the scheme's ongoing success and scale, which represents a significant contribution to the UK's decarbonisation goals and helps diversify our energy mix. We also reached a significant milestone in Scheme Year 14, surpassing £1 billion in support payments within the year for the first time. To date, over **89.1** terawatt hours (TWh) of renewable heat has been generated, alongside nearly **2.9 billion** cubic metres (m^3) of green gas injected into the grid. Combined, this is enough to heat over **10.4 million** typical UK homes for a year.

This success has only been possible through strong collaboration. We continue to work closely with industry, government, and participants to ensure the scheme remains effective and responsive. Even after closing to new applicants, we have focused on improving the participant experience. Enhancements to our systems and processes - including IT improvements – have made it easier to engage with the scheme and improved our operational efficiency.

[1] Written Ministerial Statement on the Renewable Heat Incentive: <https://www.gov.uk/government/speeches/written-ministerial-statement-on-the-renewable-heat-incentive>

Robust compliance remains central to our role. This scheme year, we conducted **887** compliance investigations, protecting **£6.9 million** of public funds through preventing incorrect payments, and identifying funds we expect to recover. We continue to take swift and proportionate action where participants fail to meet their obligations, including suspending or recovering payments and in serious cases, revoking accreditations. We encourage all participants to remain proactive - stay informed, prepare for audits and engage with us if circumstances change.

Delivering the NDRHI successfully has required expertise, adaptability, and a strong sense of purpose. I am proud of the work our teams have done to meet these challenges and ensure the scheme continues to deliver value for money. Behind every figure in this report is a dedicated team supporting a story of collaboration, innovation, and impact.

Looking ahead, the legacy of the NDRHI is already clear. It has helped start to transform the UK's approach to heat, supported the growth of the renewable heat sector, and created the conditions for future low-carbon policies to succeed. In doing so, it has made a meaningful and lasting contribution to the UK's net zero strategy.

We welcome comments from readers on the content of this report, so if you want to get in touch, please contact us at SchemesReportingFeedback@ofgem.gov.uk.

Neil Lawrence
Executive Director, Delivery and Schemes

120.2TWh

generated

As of 31 March 2025, 120.2 TWh has been generated over the lifetime of the scheme - **89.1 TWh** from heat generating installations and **29.0 TWh** from **2.9 billion m³ of** green gas injected into the grid[2].

£6.95 billion

Payments made

£6.95 billion in payments have been made since the start of the scheme. **£1.02 billion** of this was paid during SY14.

22,703

Accredited installations

In total, **22,703**[3] installations have been accredited to the scheme with a combined capacity of **6,159.2 MW**.

1.3 million

Homes heated

The heat generation and green gas injection during SY14 would be enough to provide almost **7 billion hot showers** or to heat over **1.3 million typical UK homes** for a year.

£6.9 million

Public funds protected or identified for recovery

Through our compliance action, taken following our audit and other administration activities, **£6,912,088** of public funds were protected or identified for recovery.

[2] Biomethane installations do not directly generate heat and instead are paid based on the volume of green gas injected into the gas grid. However, we calculate the equivalent heat output for the volumes of green gas injected, which has been used here.

[3] This figure differs from that reported by the Department for Energy Security and Net Zero (DESNZ) due to how re-accreditation applications are counted. While DESNZ excludes the original accreditation during assessment, we continue to include it until a decision is made. Once approved, both we and DESNZ count the re-accreditation. As a result, figures such as accredited capacity, heat generated, and payments may vary slightly.

Executive Summary

The Non-Domestic Renewable Heat Incentive (NDRHI) scheme launched in 2011 and is designed to help Great Britain (GB) reduce its carbon emissions, contributing towards reaching net zero. The scheme provides financial incentives to increase the uptake of renewable or low-carbon heating systems by businesses, the public sector and non-profit organisations in GB.

Under the NDRHI scheme, eligible installations receive quarterly payments for up to 20 years based on the amount of heat generated, or in the case of biomethane, the volume of green gas injected into the gas grid. The scheme closed to most new applicants on 31 March 2021. However, some applicants were, under specific criteria[4], given until 31 March 2023 to submit a full application. After this time, the scheme closed to all new entrants.

Ofgem has been responsible for administering the NDRHI scheme on behalf of the Department for Energy Security and Net Zero (DESNZ)[5] since its introduction. Our role includes processing applications and amendments, calculating and making payments to accredited participants, and engaging with scheme stakeholders. Additionally, we conduct monitoring activities, including audit programmes, to ensure participants are complying with the scheme rules. Our rigorous monitoring practices enable us to identify non-compliance—whether due to error or deliberate scheme abuse—and take appropriate action to prevent and recover erroneous payments, ensuring the fair and effective use of public funds

The Northern Ireland (NI) RHI, similar to the NDRHI scheme in GB, supports non-domestic organisations in NI to take up low-carbon heat. The activity under the NI RHI scheme is not covered in this report[6].

As part of our ongoing responsibilities, we produce an annual report following the end of each scheme year. This report summarises activity during the 14th year of the NDRHI scheme in GB (Scheme Year 14 (SY14)), covering the period 1 April 2024 to 31 March 2025.

[4] Applications supported by extensions or tariff guarantees had until 31 March 2023 to submit a full application. NDRHI closure guidance: <https://www.ofgem.gov.uk/decision/ndrhi-closure-guidance>
[5] DESNZ are currently responsible for RHI policy in GB. This responsibility was previously held by DECC (Department of Energy and Climate Change) until its dissolution in July 2016, and then by BEIS (Department for Business, Energy and Industrial Strategy) until its change into DESNZ in February 2023.
[6] The Department for the Economy (DfE) set the policy and tariffs, and report on the NI RHI.
Northern Ireland Renewable Heat Incentive: <https://www.ofgem.gov.uk/about-northern-ireland-non-domestic-renewable-heat-incentive>
Renewable Heat Incentive for non-domestic customers: <https://www.nidirect.gov.uk/articles/renewable-heat-incentive-non-domestic-customers>

Profile of NDRHI generators (page 15)

The NDRHI scheme has supported the installation of 22,703 low-carbon heating systems across GB, with a total accredited capacity[7] of 6,159.2 MW. In SY14, we accredited 242 installations to the scheme, including re-accreditations[8]. There are now 10 new applications submitted before the deadline outstanding.

Solid biomass boilers are the most common technology type deployed under the scheme, making up around 77% of all accredited installations. Ground source heat pumps (12.4%), air source heat pumps (3.6%) and biogas installations (3.5%) were the next most deployed technology types under the scheme.

At least 34.9% (or 7,912) of systems installed were replacing a fossil fuel (oil, gas or coal) heating system. The actual percentage is expected to be higher given the voluntary nature of responding to this question on the application (46% responded none or did not provide a response to this question). It should be noted that not all installations replace an existing system.

We also track the industry sectors within which the heat is used by asking participants to categorise their area of economic activity[9]. Installations with the classification of 'Accommodation' are the most frequent (7,149 with 831 MW installed capacity). However, the 'Crop and animal production, hunting and related activities' category has a greater total installed capacity of 2,226 MW with 6,016 installations.

Payments and heat generation (page 23)

Over 120.2 TWh of heat has been subsidised by the scheme so far – 89.1 TWh of this from heat generating installations, and the equivalent of 29.0 TWh through the injection of nearly 2.8 billion m^3 of green gas into the grid. In SY14, payments were made in relation to the generation of 11.0 TWh of heat and the injection of 401.4 million m^3 of biomethane.

A total of £6.95 billion in payments have been made to participants since the scheme started. £1.02 billion of this was paid out in SY14, with £633.3 million for eligible heat output and

[7] Total accredited capacity includes all NDRHI eligible technology types except for biomethane installations, which are paid based on the volume of gas injected into the grid instead of heat generated.
[8] Applications for re-accreditation (due to relocation, replacement, or change of ownership of existing installations) continue to be accepted and are counted here separate to their original accreditations
[9] UK SIC 2007: <https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007>

£383.4 million for biomethane injection. The total amount paid to heat-generating and biomethane installations in SY14 represents a 9.3% increase from the amount paid in SY13.

Monitoring compliance (page 27)

Ofgem takes any non-compliance with scheme obligations seriously. We operate audit and compliance programmes to ensure that payments are only made against eligible heat generation, thereby protecting the public purse. As in previous years, we took a proactive approach to compliance by engaging with scheme participants, providing key updates which were vital to the effective and robust operation of the NDRHI.

Our audit programme aims to check the compliance of participants with the scheme rules. In SY14, we conducted 419 statistical and targeted audits. 55.4% of statistical and 45.0% of targeted audit cases were classed as materially non-compliant, suggesting a potential financial impact[10]. The most common reason for material non-compliance was participants not providing evidence of annual biomass maintenance checks, accounting for 25% of instances. The audit non-compliance rates should not be viewed as a final determination as non-compliance is only confirmed when we conclude a compliance investigation.

Our statistical audit programme looks at a representative sample of scheme participants, allowing us to extrapolate non-compliance trends to the wider scheme population. This means we can estimate the level of fraudulent and erroneous payment ('error rate') resulting from non-compliant accreditations on the scheme. The error rate on the scheme was estimated to be just under 0.4% in SY14, a slight increase from the 0.2% for SY13.

We have the power to open a compliance investigation when we suspect a scheme participant is non-compliant. A compliance investigation can be initiated following an audit, as a result of our operational controls, or via other routes. In SY14, we concluded 887 compliance investigations, where we prevented the payment of, or expect to recover, around £6.9 million of public funds.

Relying on our well-established debt recovery process, we recovered a total of £3.12 million in SY14, originating from erroneous payments made in various scheme years. The majority of this was recovered via offsetting from ongoing payments of those participants found to be non-compliant. We recognise the ongoing financial pressures on many participants and continue to be responsive in the way we manage debt recovery. Our participant-focussed approach means we take steps to reduce the risk of putting participants into financial difficulty when requiring repayment.

[10] Material non-compliance identified during audit is subject to further compliance investigation, which may conclude there is no financial impact. Further information on this can be found in Chapter 4.

Please note: a spreadsheet containing the data used in the production of this report is published alongside the report on our website.

Contacts

For more information visit the Ofgem website[11]. You will find details about the scheme's closure, the accreditation process, and ongoing obligations.

If you can't find the information you need on our website, our customer service team will be happy to help on **0300 003 2289** or by emailing rhi.enquiry@ofgem.gov.uk.

Press enquiries

For press enquiries, please contact Ofgem's press office at press@ofgem.gov.uk.

[11] Non-Domestic Renewable Heat Incentive (RHI) webpage: <https://www.ofgem.gov.uk/environmental-and-social-schemes/non-domestic-renewable-heat-incentive-rhi>

1. About the Scheme

This chapter introduces the context and legislative background to the Non-Domestic Renewable Heat Incentive (NDRHI) scheme, including Ofgem's administrative duties.

Introduction

1.1 The Non-Domestic Renewable Heat Incentive (NDRHI) scheme was introduced in England, Scotland and Wales in November 2011 by the Department for Energy and Climate Change (DECC)[12] and is a financial incentive designed to support businesses, public sector, and other non-domestic and non-profit organisations to take up low-carbon heat. The scheme is designed to help Great Britain reduce its carbon emissions and contributes towards reaching net zero. The scheme is now closed to new applicants.

1.2 The Northern Ireland (NI) RHI, similar to the NDRHI scheme in Great Britain (GB), encourages the uptake of low-carbon heating systems in the non-domestic sector. The Department for the Economy (DfE) sets policy and tariffs, and reports on the NI RHI scheme. The NI scheme is not covered in this report.

1.3 The Gas and Electricity Markets Authority (the Authority) is the statutory body responsible for administering the NDRHI scheme in GB on behalf of the Department for Energy Security and Net Zero (DESNZ). The Authority's functions are performed by Ofgem, the office of the Authority. As administrator, Ofgem performs a number of functions including:

- publishing guidance
- reviewing applications to join the scheme
- ensuring scheme participants continue to meet their ongoing obligations
- processing amendments for existing participants
- receiving and checking participants' periodic data submissions before making periodic support payments, and
- ensuring the scheme is guarded against fraud and error.

[12] The Department for Energy Security and Net Zero (DESNZ) are currently responsible for RHI policy in GB. This responsibility was previously held by DECC until its dissolution in July 2016, and then by BEIS (Department for Business, Energy and Industrial Strategy) until its change into DESNZ in February 2023.

1.4 The Renewable Heat Incentive Scheme Regulations 2018 (as amended) (the Regulations)[13] require us to produce and publish an annual report on the scheme by 31 July following the end of a scheme year. Each scheme year covers the period 1 April to 31 March with this report covering 1 April 2024 to 31 March 2025. The Regulations set out what should be reported on in this annual report. However, we also include additional information that we believe is of interest to stakeholders and the general public.

Changes to the scheme

1.5 This scheme year, there were no active legislative changes, meaning no new or previous legal changes came into effect. We have therefore included information on other recent changes impacting the scheme and participants. We continue to work closely with DESNZ to ensure the scheme is being delivered effectively and in accordance with the policy, and to implement any changes made to the legislation as appropriate.

Scheme extension

1.6 In response to COVID-19, on 19 January 2022, DESNZ announced they would implement a 12-month extension to the NDRHI commissioning deadline, from 31 March 2022 to 31 March 2023. No applications to join the scheme were accepted beyond 31 March 2023.

1.7 Regulations impacting this extension were made and took effect on 1 April 2022. The extension only applied to NDRHI technologies that were eligible for tariff guarantee or extension applications, including biomethane projects that could not become eligible for the Green Gas Support Scheme (GGSS). Please refer to the NDRHI Guide to Tariff Guarantees for further details.[14]

1.8 Despite the scheme closing to new applications in March 2023, accredited installations can still be replaced, relocated, or sold without losing their accreditation. In cases where the plant is replaced or moved to a new location, a reaccreditation application must be made to confirm the changes have not impacted the installation's eligibility.

[13] Renewable Heat Incentive Scheme Regulations 2018: <https://www.legislation.gov.uk/uksi/2018/611/contents/made>
[14] Non-Domestic RHI main guidance: <https://www.ofgem.gov.uk/publications/non-domestic-rhi-main-guidance>

Maintenance requirements and fuel quality

1.9 As boilers can be a major source of local air pollution[15], ensuring that biomass boilers on the scheme are well maintained helps to limit the impact on air quality. The government's commitment to reducing the impact of particulate emissions on public health is highlighted in the Clean Air Strategy.[16] Consequently, on 1 April 2022 new annual maintenance requirements came into effect for those using solid biomass, or solid biomass contained in waste, as fuel in an accredited biomass boiler. The changes require participants to ensure a maintenance check (at the relevant standard) is carried out in each payment year.[17]

1.10 The criteria for woodfuel quality[18], as set out in Schedule 4A of the Regulations, was introduced on 1 April 2021 and also came into force on 1 April 2022. This requirement was introduced to ensure that fuel used complies with the sustainability criteria and burns efficiently.[19] The government suspended the woodfuel quality criteria for wood pellets between 23 November 2022 and 22 November 2023 to address the issue of global woodfuel supply shortages.

1.11 Accredited participants have an ongoing responsibility to provide us reasonable access to installation sites for inspection purposes. From November 2022, participants need to ensure they have, and can prove, any shared ownership of a heat pump on a shared ground loop system. This ensures Ofgem can access all heat pumps for inspection if required.

Reporting requirement for biomethane producers

1.12 The Renewable Transport Fuel Obligation (RTFO) delivers greenhouse gas (GHG) emission savings by encouraging the supply of renewable fuels for use in UK transport. The RTFO/NDRHI interaction self-declaration was introduced following an amendment to the RHI Regulations on 1 April 2021, which set a legal obligation to ensure eligible biomethane generators receiving support through the NDRHI were not double claiming payments on the same units of gas through the RTFO.

[15] The Potential Air Quality Impacts from Biomass Combustion: <https://uk-air.defra.gov.uk/assets/documents/reports/cat11/1708081027_170807_AQEG_Biomass_report.pdf>
[16] Clean Air Strategy 2019: <https://www.gov.uk/government/publications/clean-air-strategy-2019>
[17] For more details see Chapter 7 of the NDRHI Guidance Vol. 2: <https://www.ofgem.gov.uk/publications/non-domestic-rhi-main-guidance>
[18] It was a requirement for all wood pellets to meet the EN Plus A1 standard, a subsequent version of that standard, or an equivalent approved standard.
[19] February 2022 amendments to the RHI regulations: <https://www.legislation.gov.uk/uksi/2022/159/contents/made>

1.13 As of 1 April 2022, all biomethane producers must submit an independent annual report on their NDRHI/RTFO interaction as part of their annual sustainability audit. This further validation is in addition to the ongoing requirement for producers to provide a self-declaration detailing their interactions with RTFO certificates and NDRHI payments.

2. Profile of NDRHI generators

This chapter looks at the makeup of the scheme population in terms of capacity, technology types installed, heat use, system types replaced, and the industrial sectors in which the heat is being used.

2.1 We collect a variety of information on installations that allows us to report on the makeup of the scheme population in terms of various factors. These include capacity, technology type, the heating system being replaced, how and in what industry the heat is used, and the geographical location.

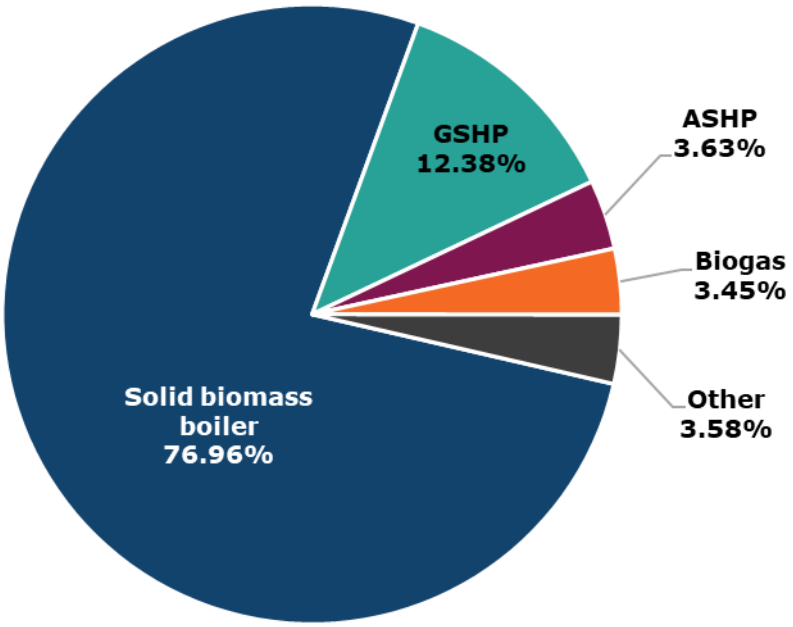
2.2 The total number of accredited installations on the scheme at the end of March 2025 stood at 22,703. Those installations had a combined accredited capacity[20] of 6,159.2 MW. Despite the scheme closing to all new entrants on 31 March 2023, the total capacity on the scheme will continue to rise in future scheme years as outstanding applications are approved.

[20] The capacity figures shown represent all technology types on the scheme except for biomethane. Biomethane installations are awarded payments based on the amount of gas injected into the gas grid, instead of the amount of heat generated.

Technology

2.3 As indicated in **Figure 2.1**, the solid biomass boiler is by far the most installed technology type under the NDRHI scheme with 17,472 installations. Solid biomass boilers represent 76.96% of installations and 75.27% of accredited capacity (4,636 MW). Ground source heat pumps are the second most popular technology, representing 12.38% of installations and 7.79% of accredited capacity (480 MW).

Figure 2.1: Proportion of accreditations by technology type since start of the scheme

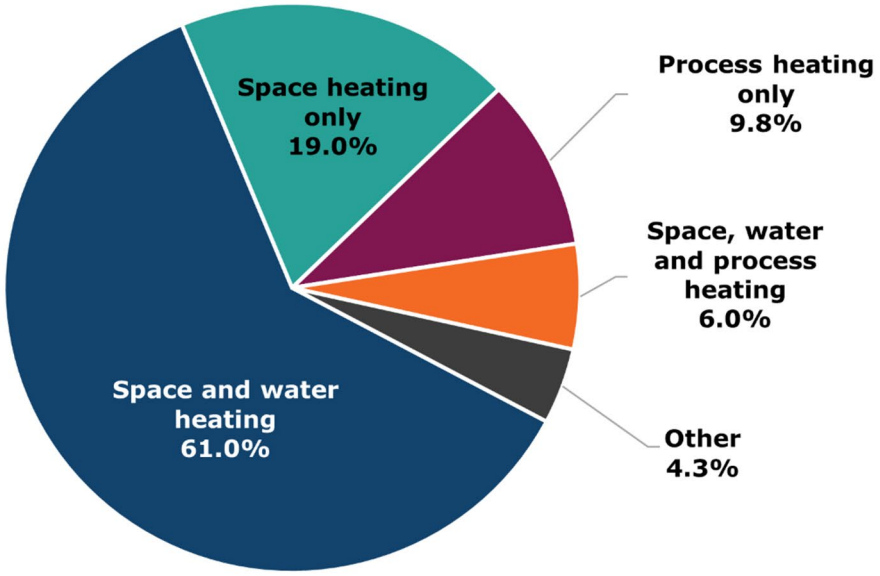


The pie chart shows that of all accredited installations since the start of the scheme: 76.96% are solid biomass boilers; 12.38% are ground source heat pumps (GSHP); 3.63% are air source heat pumps (ASHP); and 3.45% are biogas. In the Other category are: solar thermal (1.48%), water source heat pumps (WSHP) (0.91%), biomethane (0.76%), solid biomass CHP (0.41%) and solid biomass in waste (0.03%).

Eligible heat use

2.4 To gain accreditation onto the NDRHI scheme, heat generated by installations must be used for an eligible purpose. This can be space heating in a building, heating water for direct use, or heat for use in a process (excluding for the generation of electricity). In **Figure 2.2** you can see the breakdown of heat uses for all heat generating installations (excluding biomethane installations).

Figure 2.2: Eligible heat uses for accredited installations[21]



The pie chart shows the stated eligible heat use for accredited installations: Space and water heating account for 61.0% of installations; space heating only (19.0%); process heating only (9.8%); and space, water and process heating (6.0%). The Other category consists of space and process heating (2.6%); water heating only (1.5%); water and process heating (0.2%); and applications where this data has not been provided (0.1%).

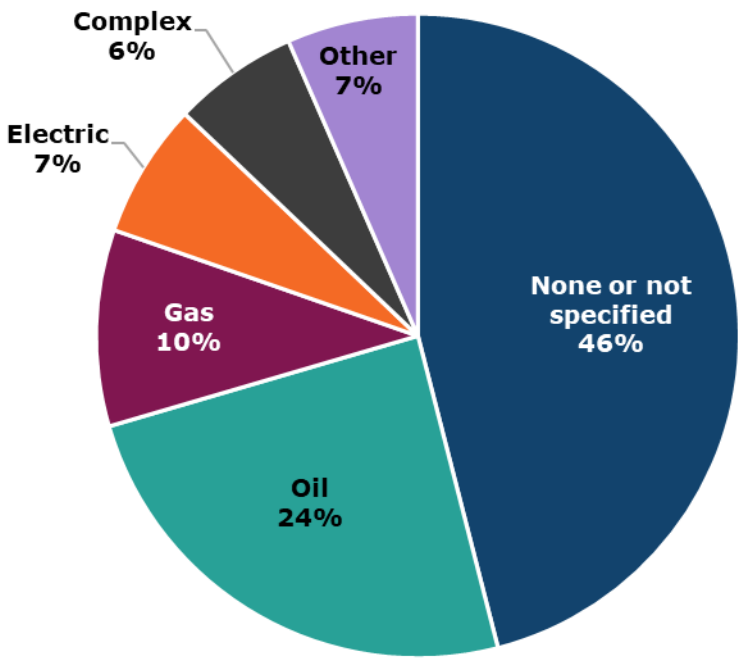
[21] Please note that percentages may not add up to 100% due to rounding.

System type replaced

2.5 When applying for accreditation on the NDRHI scheme, we ask applicants for information on the heating system being replaced by the NDRHI installation. **Figure 2.3** shows this information for all installations granted accreditation since the start of the scheme.

2.6 It should be noted that applicants were not required to respond to this question and those who did, described their replaced heating systems in free text form. We analysed these descriptions to produce the simplified categories depicted below. Where several heating systems of different types were replaced, we have categorised these as *Complex*. Where we have been unable to determine the replaced technology type, we have categorised these under *None or not specified*.

Figure 2.3: System type replaced for all accredited installations



The pie chart shows the system type replaced for all accredited installations since the start of the scheme. The largest proportion is 'None or not specified' with 10,443 installations. Second to this is Oil, accounting for 5,556 installations. Gas is third, accounting for 2,239 installations. This is then followed by Electric (1,538) and Complex (1,430). The Other category on this chart consists of Biomass (950), Other (328), Coal (117) and Heat Pump (102).

2.7 The most common category is *None or not specified,* which accounts for 46.0% of all accredited installations. As applicants were not required to respond to this question, this

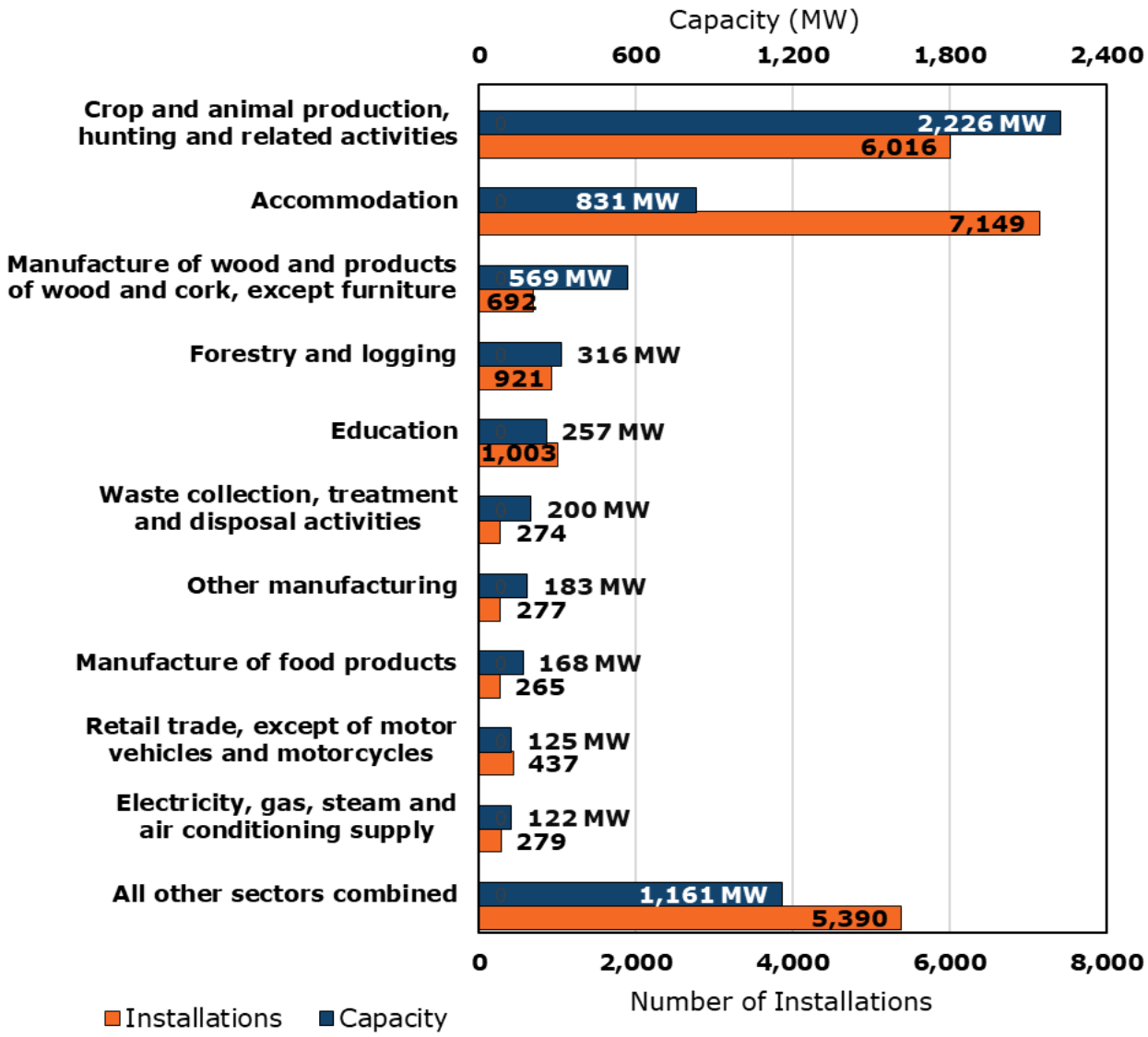
could mean that the NDRHI heating system was not replacing any previous heating system, or that the applicant did not provide a response to the question.

2.8 Based on this data we can say that at least 34.9% (or 7,912) of all replaced systems were fossil fuel (oil, gas or coal) heating systems. The actual percentage is expected to be higher given the number of applicants that did not respond to this question.

UK Standard Industrial Classification

2.9 We collect information on the industry sectors within which the heat is used by asking participants to categorise their area of economic activity using the UK Standard Industrial Classification (UK SIC)[22]. The top 10 sectors by the total capacity of accredited installations are shown in **Figure 2.4**.

Figure 2.4: UK SIC for accredited installations



The clustered bar chart shows installations with a SIC for 'Accommodation' are the most frequent (7,149 with 831 MW installed capacity). However, the 'Crop and animal production, hunting and related activities' SIC has a greater total installed capacity of (2,226 MW with 6,016 installations).

[22] UK SIC 2007: <https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007>

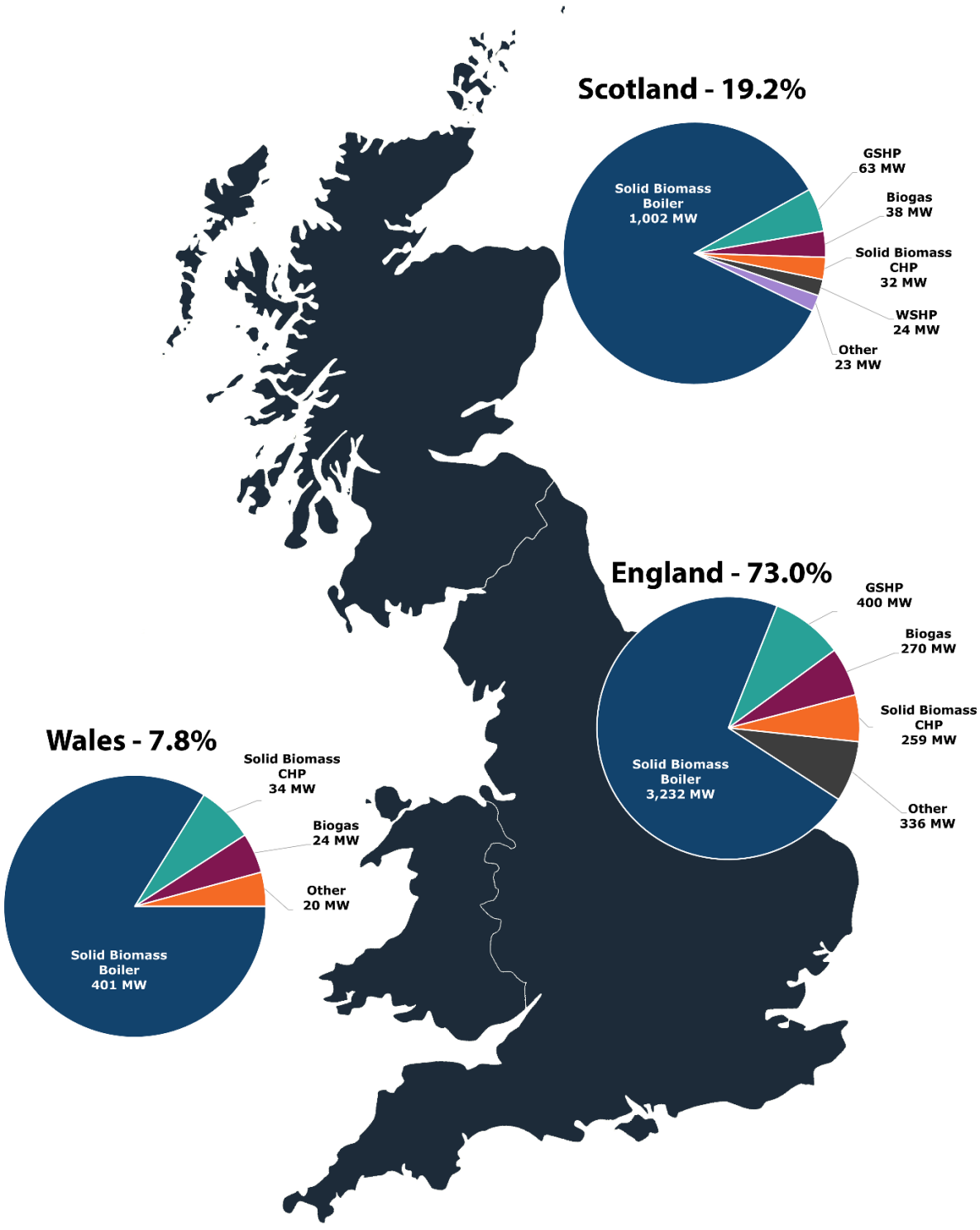
Geographic distribution of accredited installations

2.10 The majority of installations and accredited capacity under the NDRHI are concentrated in England, which accounts for 71.8% of installations and 73.0% of total capacity.

2.11 **Figure 2.5** shows the split of installed capacity across Great Britain. Please note that as biomethane plants do not generate heat, they are not included in the capacity figures.

2.12 A full regional breakdown by technology type and capacity can be found in **Appendix 1.**

Figure 2.5: Total accredited capacity by country



The map shows that systems have been accredited across Great Britain as follows: England 4,497.5 MW (73.0%) of installed capacity with 16,304 (71.8%) installations; Scotland 1,182.8 MW (19.2%) installed capacity with 4,270 (18.8%) installations; Wales 478.8 MW (7.8%) installed capacity with 2,129 (9.4%) installations.

3. Payments and Heat Generation

This chapter presents statistics on heat generation and green gas injection into the grid under the NDRHI scheme, along with the corresponding payments made—both for Scheme Year 14 (SY14) and cumulatively since the scheme began.

3.1 RHI payments are made quarterly for up to 20 years and are based on the eligible heat output of heat generating installations, or in the case of biomethane producers, the volume of eligible biomethane injected directly into the gas grid.

3.2 Payments are only made to accredited installations that continue to comply with the scheme rules. Tariff rates are set by DESNZ and are adjusted annually to account for inflation.[23]

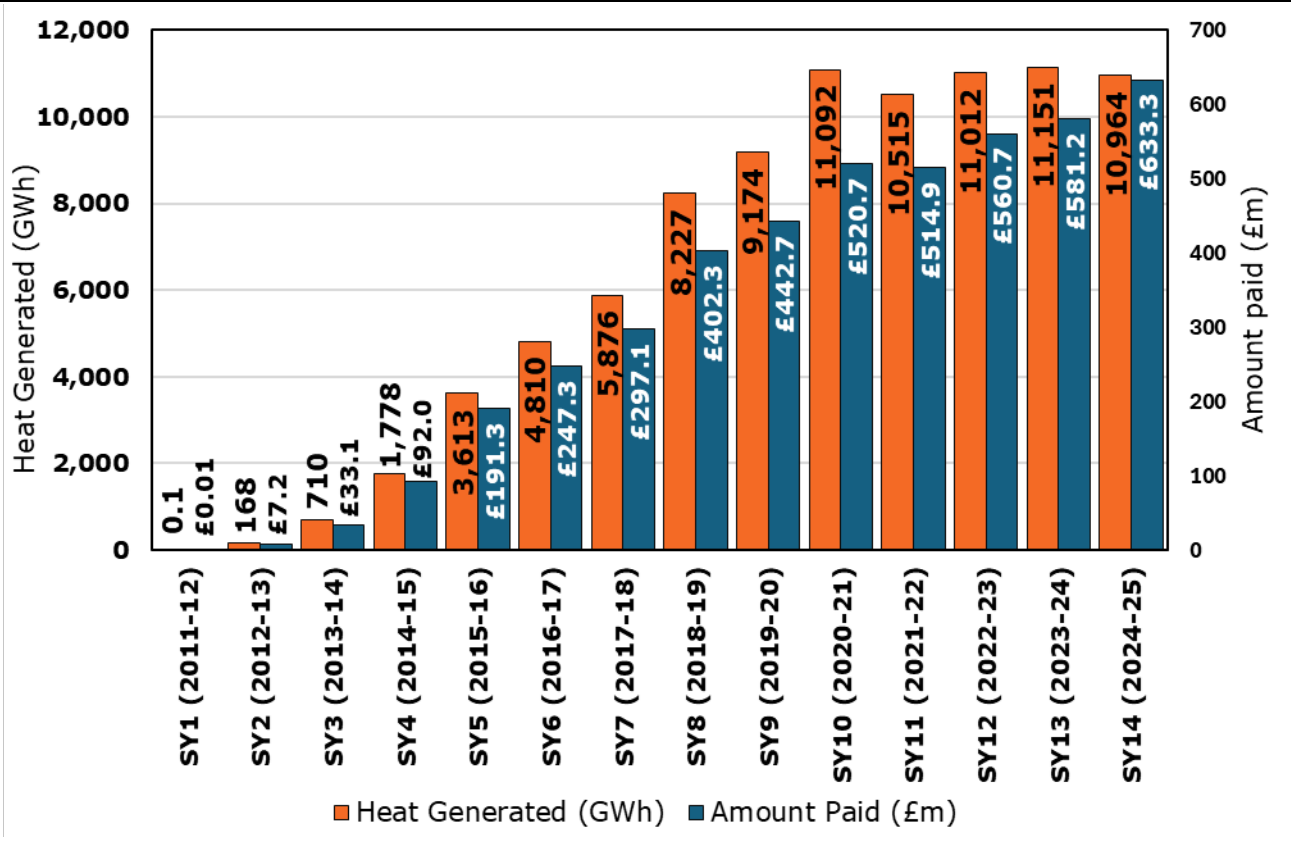
3.3 As biomethane production does not directly generate heat, payments made to biomethane producers follow a separate calculation formula. For this reason, when speaking of biomethane payments in this chapter we use the volume of green gas injected into the grid. However, we also calculate the equivalence of biomethane volumes in terms of eligible heat output so its contributions can be viewed alongside other technology types.

3.4 Since the NDRHI scheme began in 2011, a total of £6.95 billion has been paid out to participants. £1.02 billion in payments were made in SY14 alone. This corresponds to the generation of 120.2 TWh of heat on the scheme – 89.1 TWh from heat generating installations, and the equivalent of 31.1 TWh from the injection of 2.9 billion m^3 of biomethane to the gas grid.

3.5 **Figure 3.1** shows that £633.3 million in payments were made during SY14 to heat generating installations. These payments were made against heat generation of 11.0 TWh. This brings total payments made to heat generating installations over the lifetime of the scheme to £4.52 billion, corresponding to 89.1 TWh of heat generation.

[23] NDRHI payments and tariffs: <https://www.ofgem.gov.uk/environmental-and-social-schemes/non-domestic-renewable-heat-incentive-rhi/non-domestic-renewable-heat-incentive-rhi-payments-and-tariffs>

Figure 3.1: NDRHI annual heat generated and payments made (ex. biomethane)



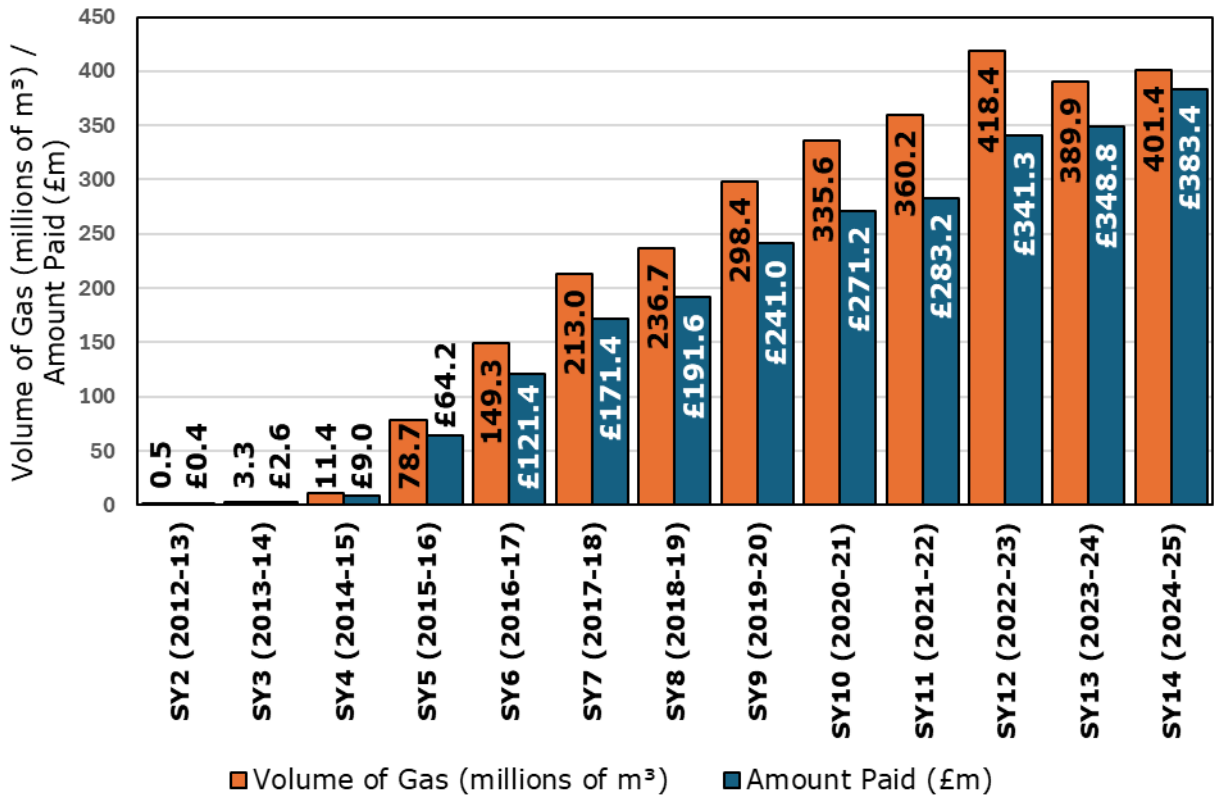
The clustered column chart shows payments and the associated heat generated under the scheme since launch. Both have grown significantly, from around £10,000 and 0.1 GWh in SY1, to a peak of £633.3 million in payments in SY14 and 11,151 GWh generation in SY13.

3.6 SY14 is the biggest payment scheme year to date, with more money paid than ever before, whilst SY13 remains the scheme year with the most heat generated. SY10 was previously the year with the most heat generated. The amount of heat generated has remained relatively consistent from SY10 to SY14 with a notable dip of around 5.2% between SY10 and SY11 - partially in relation to the COVID-19 pandemic. We believe that there could be several factors contributing to this including well publicised supply chain issues and rising costs. These issues may have impacted the ability of some participants to carry out their usual activities, thereby reducing the amount of heat required.

3.7 Whilst the amount paid to participants increased by almost 9% during SY14, the associated heat generated during this scheme year decreased by 1.7%. The increase in the value of payments in relation to heat generation can in part be attributed to tariffs being uplifted by retail price index (5.2%) and consumer price index (4.0%).

3.8 Information on the volume of gas injected into the grid and payments made to biomethane producers (which started in SY2) can be seen in **Figure 3.2**. Almost £383.4 million of payments were made during SY14 in relation to the injection of almost 401.4 million m^3 of gas. The reported volume of gas injected to grid in SY14 is 3.0% higher than SY13. Over the same period, payments increased by 9.9%, also influenced by changes to the retail price and consumer price indexes. The total gas injected over the lifetime of the scheme amounts to almost 2.9 billion m^3, resulting in £2.43 billion in payments.

Figure 3.2: NDRHI biomethane – annual volume of gas injected and payments made



The clustered column chart shows both the volume of gas injected and associated payments under the scheme since SY2 when biomethane was first injected under the NDRHI scheme. Both have grown significantly from around 500,000 m^3 injected and £400,000 paid in SY2, to a peak volume of 418.4 million m^3 in SY12 and a peak amount paid of £383.4 million in SY14.

3.9 **Figure 3.3** outlines the payments and heat generated or gas injected by technology type since the scheme launched. This shows that 84.4% of payments went to 2 technology types. Solid biomass boiler installations accounted for 49.5%, and a further 34.9% went to biomethane installations. Solid biomass boilers account for almost 77% of accredited installations whilst biomethane accounts for less than 1% of installations.

Figure 3.3: NDRHI lifetime payments made, heat generated, and gas injected by tech

Technology Type	Payments (£m)	Payments (% total)	Heat generated (GWh)	Volume of gas injected (m^3)	Heat output (% total)[24]
ASHP	£7.15	0.1%	246.2	-	0.2%
Biogas	£454.90	6.5%	8,136.2	-	6.8%
Biomethane	£2,429.39	34.9%	-	2,896,587,752	25.9%
GSHP	£261.60	3.8%	3,055.9	-	2.5%
Solar Thermal	£1.81	0.03%	16.2	-	0.01%
Solid Biomass Boiler	£3,440.21	49.5%	69,074.5	-	57.5%
Solid Biomass CHP	£244.89	3.5%	5,409.4	-	4.5%
Waste	£40.14	0.6%	2,367.8	-	2.0%
WSHP	£73.34	1.1%	783.4	-	0.7%
Total	**£6,953.42**	**100%**	**89,089.7**	**2,896,587,752**	**100%**

[24] Biomethane installations do not generate heat. However, when making payments based on the volume of green gas injected to grid, we also calculate the equivalence in terms of eligible heat output. Biomethane installations' share of heat generated is included here based on this conversion to heat output, where heat output (kWh) equals the volume of biomethane injected (m^3) multiplied by 10.75. Biomethane's equivalent heat output is 31,138 GWh bringing total generation including biomethane to 120,228 GWh. The column 'heat generated (% total)' is calculated based on the total generation including biomethane equivalence.

4. Monitoring compliance

This chapter covers monitoring and compliance activity on the NDRHI scheme during Scheme Year 14 (SY14). It provides an overview of the targeted and statistical audit programmes, compliance investigations, and the delivery of our debt programme.

4.1 Ofgem takes non-compliance with scheme obligations seriously. We operate robust audit and compliance programmes to ensure that payments are only made against eligible heat generation, thereby protecting the public purse. The regulations set out the eligibility criteria and ongoing obligations that must be complied with in order to receive payments.

4.2 We can conduct audits and pursue compliance action at any point during the scheme lifetime as these are the conditions that participants are bound by. Regardless of how long a specific requirement has been in effect, it is within our remit to act against error. It is the responsibility of participants to remain on top of scheme changes that affect them, and they are obligated to inform us of changes which may impact their eligibility.

4.3 Our audit programmes aim to check that scheme participants are complying with the scheme regulations and our guidance. The audit programmes enable us to gain an understanding of where common non-compliance issues are emerging within the scheme population, allowing us to target stakeholder engagement and compliance action to address them. Our audit strategy and plans have been developed in line with best practice from the National Audit Office (NAO) and we review and update them annually.

4.4 When we suspect a scheme participant is non-compliant, we open a compliance investigation. This could be, for instance, after the completion of an audit, but it is important to note that there are a range of sources for referrals, including data analytics, investigations by counter-fraud, whistleblowers, or detection of error through our internal controls when processing applications, amendments and payments.

4.5 When identifying non-compliances through our audits and investigations, we determine whether they have a financial impact. We classify non-compliances as either material, meaning they have a financial impact and may potentially lead to funds being paid out in error, or non-material, meaning they have no financial impact.

4.6 Where we find instances of non-compliance, we advise participants what actions they need to take to rectify the situation and work to bring them back into compliance - informing them of the consequences of inaction. These consequences include payments being recouped or permanently withheld, or in extreme cases, revoking accreditations.

4.7 Ofgem uses the information it collects on non-compliance to shape how we communicate with participants on the scheme. By highlighting the top non-compliances, and reminding people of their overall obligations, we aim to improve overall compliance rates. We are continually exploring new and effective ways to communicate with participants and ensuring the right message is delivered through the right channels. We have identified a number of non-compliances which stem from participants being unprepared for site audits. To address this, we have reviewed and updated our pre-audit communications to help participants with preparation. This includes informing participants of the documents, information, and access they need to have ready on the day of audit.

Audit Activity

4.8 When auditing participants, we look at a broad range of evidence related to scheme obligations. On the most basic level, this can include documentation of compliance to fuel sustainability standards, receipts or certificates of service and maintenance, and proof of ownership. Participants also have an ongoing obligation to provide reasonable access to the installation and associated metering in the case of a site visit. Failing to meet these obligations may subject participants to further investigation and enforcement action.

4.9 The NDRHI scheme allows audits to be conducted without prior notice to participants.

4.10 We undertake both statistical and targeted audit programmes. Statistical audits are randomly selected to provide a representative sample of the scheme population. This provides us with assurance that the results of audits will reflect the level and types of non-compliance across the wider scheme population.

4.11 Targeted audits are identified via internal and external referrals, and data analytics, which we use to identify applications that have an increased risk of non-compliance.

4.12 The SY14 audit programme has been completed. We conducted 419 audits throughout the year (168 statistical audits and 251 targeted). To date, all statistical audits and 80 of 251 targeted audits are closed. These are summarised in the figures below. The remaining 171 targeted audits will be closed in due course. **Figure 4.1** and **Figure 4.2** provide a summary of closed audits undertaken during SY14 and SY13.

4.13 It should be noted that material non-compliance identified during audit is subject to further compliance investigation. It is often the case that participants fail to provide evidence during audits but can provide it during further investigation, in which case it can be determined that there was no financial impact.

4.14 Participants found to be materially non-compliant following an audit may also be brought back into compliance without financial impact and are then decided to be materially

compliant at the conclusion of their compliance case. The audit non-compliance rates should not be viewed as final because we ultimately confirm non-compliance and whether it has a financial impact when we conclude a compliance investigation.

Figure 4.1: NDRHI statistical audit activity SY14 and SY13

Scheme Year	Closed audits	Compliant audits	Non-compliant audits	Non-compliance rate	Material non-compliance	Material non-compliance rate
SY14 (2024 to 2025)	168	31	137	81.5%	93	55.4%
SY13 (2023 to 2024)	168	44	124	73.8%	72	42.9%

Figure 4.2: NDRHI targeted audit activity SY14 and SY13

Scheme Year	Closed audits	Compliant audits	Non-compliant audits	Non-compliance rate	Material non-compliance	Material non-compliance rate
SY14 (2024 to 2025)	80	16	64	80.0%	36	45.0%
SY13 (2023 to 2024)	246	57	189	76.8%	100	40.7%

4.15 We monitor trends in non-compliance and the level of fraud and error on the scheme through our audit programmes. The value of payments made in error during SY14 is estimated at £2.83 million. This represents 0.39% of total payments within a 95% confidence interval of £1.39 million to £4.33 million[25]; up from an estimated 0.2% of total payments in SY13.

4.16 The same number of statistical audits have been carried out during SY14 and SY13. Compared to last year, the rate of non-compliance has increased by 7.8 percentage points (pp) while the rate of material non-compliance increased by 12.5 pp. The increase in the non-compliance rate is partially attributed to a large number of installations being affected by certain obligations for the first time in this scheme year. For example, the 12-

[25] A 95% confidence interval means that there is a 95% chance that the actual value of payments made in error will fall between the lower and upper values of £1.39 million to £4.33 million.

month biomass boiler maintenance requirement[26] was introduced on 1 April 2022, meaning its implications for non-compliance rates became relevant in this scheme year.

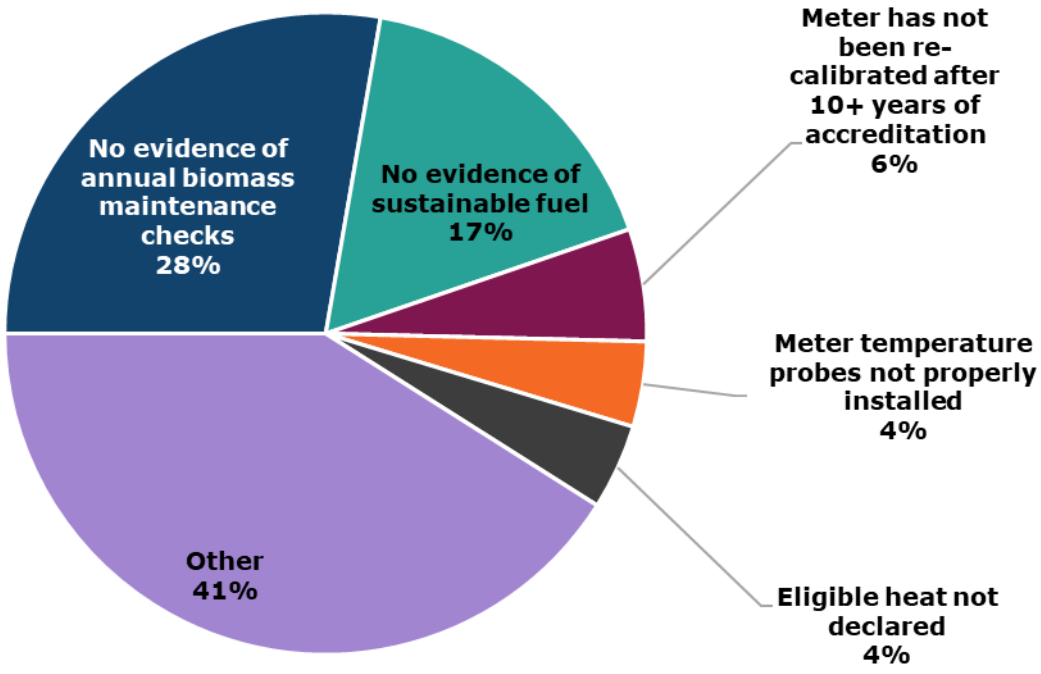
4.17 Under this obligation participants using solid biomass, or solid biomass contained in waste as fuel in an accredited biomass boiler, must have an annual maintenance check completed by an accredited HETAS Approved Biomass Maintenance Scheme (HABMS) engineer, within each payment year. Scheme participants must retain all evidence issued by HETAS confirming that all annual maintenance checks have been completed. This includes service and maintenance invoices, receipts or certificates from previous checks.

4.18 251 targeted audits were carried out in SY14, a slight increase on the 246 audits carried out during SY13. The figures relate to the 80 of these targeted audits closed to date. Using these figures alone, the non-compliance rate increased by 3.2 pp and the material non-compliance rate by 4.3 pp. Alongside the increasing significance of certain requirements, this can be partially attributed to improvements in the analytics used to identify sites for the targeted audit. By incorporating data insights from our work assessing applications, amendments and payments, we have increased the accuracy of our targeting meaning the installations we selected are more likely to be non-compliant than in previous years.

4.19 To provide further information on the nature of the material non-compliances identified through our audits, we have included information on the 5 most common findings in **Figure 4.3**. It should be noted that a materially non-compliant case can have one or more reasons for material non-compliance listed against it.

[26] The biomass boiler maintenance requirements mean that participants using solid biomass in an accredited biomass boiler must carry out an annual maintenance check in each payment year.

Figure 4.3: The 5 most common reasons for material non-compliance in SY14



The pie chart shows the 5 most common reasons for material non-compliance during SY14, as identified through our audit programme. The most common reason is 'no evidence of annual biomass maintenance checks', identified in 28% of instances of material non-compliance. Collectively, the 5 most common reasons shown here were listed against 59% of material non-compliance cases identified through our audit programme. There were 20 other non-compliance reasons that altogether account for the remaining 41% of instances.

4.20 The 5 most common reasons for material non-compliance identified in SY14 account for a smaller share of total non-compliances compared to SY13, representing a 25% decrease.

4.21 To reduce overall non-compliance on the scheme, we continue to analyse the causes behind the non-compliance cases being identified. We use this information to proactively look for ways to adapt our procedures and guidance to reduce the likelihood of non-compliances occurring.

Compliance

4.22 Where we suspect that participants may be failing to comply with the eligibility criteria or their ongoing obligations, we reserve the right to take action against them. We try and work with participants to bring them back into compliance before considering enforcement action.

4.23 We can exercise a range of enforcement powers under the scheme regulations, including:

- Withholding or reducing payments (temporarily and permanently)
- Recovering overpayments
- Revoking the accreditation or registration of a participant

4.24 We quantify the financial impact of non-compliances during our investigations to ensure proportionate sanctions. In certain cases of significant or repeated breaches of the regulations, we may revoke accreditations. Consequently, we can prevent payments going out erroneously in the future and recover any funds paid out in error.

4.25 We classify error as either being prevented or detected. Prevented error refers to any payments which we have prevented from being made because of our work. Detected error relates to any payments which have been issued to a participant for which they were not eligible. Ofgem's enforcement actions from the investigations closed during SY14 resulted in almost £7 million of error being either prevented or detected and expected to be recovered. Further details on the outcomes of our compliance cases closed this scheme year[27] can be found in **Figure 4.4**.

[27] Compliance cases can take several months or longer, and hence, may not conclude within the same scheme year in which they were opened. This means that the compliance cases closed in SY14 can originate from other scheme years.

Figure 4.4: Compliance cases closed in SY14 (2024 to 2025)

Referral source	Cases closed	Non-compliant cases	Value of Prevented Error	Value of Detected Error
Operational	665	349	£2,237,976.78	£4,258,523.55
Audit – Statistical	87	16	£1,544.92	£53,889.39
Audit - Targeted	133	30	£114,321.06	£245,832.15
Counter-fraud/ External investigation	2	1	£0.00	£0.00
Total	**887**	**396**	**£2,353,842.76**	**£4,558,245.09**

4.26 Of the 887 cases closed in Scheme Year 14, 396 were found to be materially non-compliant, meaning 45% of cases closed were found to have a financial impact.

4.27 The 665 operational referrals, which stem from our internal controls when processing applications, amendments and payments, accounted for 75% of closed cases. 52% of these cases were sanctioned, totalling £6,496,500.33 in detected or prevented error.

4.28 Of all the operational referrals originating from our work of administering the scheme, the majority of the financial sanctions were related to meter obligations (112 cases) and meter readings (110 cases). Combined they account for 64% of all operational sanction cases, resulting in sanctions totalling £111,668.17 for meter obligations and £1,015,027.83 for meter readings.

4.29 The 220 audit programme referrals accounted for 25% of all closed cases. Overall, 46 (21%) of these cases were sanctioned, totalling £415,587.52 in prevented and detected error - equating to 6% of all prevented and detected error. For audit referrals, most of the compliance activity was undertaken due to a lack of response or insufficient evidence provided by participants to address non-compliances raised following an audit. We take non-engagement very seriously, thus, when participants fail to engage with us or fail to provide required evidence, we seek to recoup money for the period of non-compliance, and in certain cases, revoke accreditation.

Debt recovery

4.30 We have successfully delivered the SY14 debt programme, which aims to recover all detected error from completed compliance cases across scheme years. Applying best practice, we reviewed and improved processes to enable the effective management of debt cases. By using our established debt recovery process, we were able to recover £3,117,893.39 during SY14, as shown below in **Figure 4.5**.

Figure 4.5: Total debt recovered in SY14 (2024 to 2025)

Debt recovery method	Debt recovered
Offsetting from ongoing payments	£2,382,244.90
Direct repayment: repaid in full	£717,674.51
Direct repayment: repayment plan	£17,506.52
Direct repayment: repaid to debt agency	£467.46
Total	**£3,117,893.39**

4.31 This sum comprised of over £2.38 million recovered via offsetting from ongoing payments and £735,648.49 recovered through direct repayments and repayment plans. SY14 was the fourth year of engaging with an external debt recovery agency, with a change of external debt recovery agency occurring in December. We have submitted 7 cases to the external debt recovery agency this financial year, 6 of which are still ongoing.

4.32 In light of the current cost of living pressures, we continue to review our processes to ensure we adopt a more participant-focused approach, working with participants when demanding repayment so that we do not put them into financial difficulty.

5. Our Administration

This chapter provides details on our administration activity during Scheme Year 14. This includes statistics on delivery performance indicators for our various administrative functions, as well as information on our stakeholder engagement activities.

5.1 As administrator, Ofgem performs a number of functions including:

- publishing guidance
- reviewing applications to join the scheme
- ensuring scheme participants continue to meet their ongoing obligations
- processing amendment requests for existing participants
- receiving and checking participants' periodic data submissions before making periodic support payments, and
- ensuring the scheme is guarded against fraud and error.

5.2 This chapter provides further information on certain aspects of our administration not covered elsewhere in the report. To ensure that we are providing a good service, we track our performance monthly and publish details on our website.[28]

Application processing

5.3 The NDRHI scheme closed to most applicants on 31 March 2021 with the exception of certain extension[29] and tariff guarantee[30] applicants who were given until 31 March 2023 to submit a full properly made application[31].

5.4 Following the NDRHI's closure to new applicants, we have processed most applications to join the scheme. We continue to process 10 applications for accreditation that remain in the queue post-closure, which are taking longer to reach a final decision on due to the complexity of the proposed projects. We will also continue to receive and process amendments to existing accreditations, and applications for reaccreditation due to the relocation, replacement, or change in ownership of accredited installations.

[28] Environmental programmes: Ofgem's role and delivery performance: <https://www.ofgem.gov.uk/environmental-programmes/environmental-programmes-ofgem-s-role-and-delivery-performance>
[29] Guide to extension applications: <https://www.ofgem.gov.uk/sites/default/files/docs/2021/02/ndrhi_non-tg_extension_application_guidance_final.pdf>
[30] Guide to tariff guarantees: <https://www.ofgem.gov.uk/sites/default/files/2022-04/Guide%20to%20Tariff%20Guarantees%20Draft%202022.pdf>
[31] A 'properly made' application must include all information we ask for in the application form to a suitable standard, to enable us to make a decision on the eligibility of the installation.

5.5 In SY14, 242 applications were accredited on to the scheme, including reaccreditations, bringing the total number of accredited installations under the scheme to 22,703. This is a 45% drop compared to the 440 accreditations granted during SY13, which can be attributed to lower volumes of incoming applications following the closure of the scheme to new applicants. Besides the small number of complex applications submitted pre-closure still being assessed for first time accreditation, we now work to process a much smaller intake of applications for re-accreditation.

Delivery performance

Figure 5.1: Ofgem NDRHI Delivery Performance

Performance indicator	SY14 (2024 to 2025)	SY13 (2023 to 2024)	Change
No. of application decisions	271	486	-215
Application decisions within 6 months	54.6%	58.6%	-4.0pp
No. of payments made	70,937	73,831	-2,894
Payments made within 40 working days	97.5%	97.3%	0.2pp
No. of amendment decisions	4,199	3,276	923
Amendment decisions made within 6 months	93.2%	86.2%	7.0pp
Enquiries emails received	5,958	4,954	1,004
Enquiry emails responded to within 10 working days	99.5%	99.7%	-0.2pp
Calls received	14,383	15,504	-1,121
Abandoned call rate	3.2%	5.0%	-1.8pp

5.6 As detailed in **Figure 5.1** above, we made application decisions within 6 months on 54.6% of applications. This was a 4.0pp reduction on the 58.6% of application decisions within 6 months achieved during SY13.

5.7 Ofgem made 97.5% of payments within 40 working days from submission, which was a slight 0.2pp increase from SY13. The total number of payments made also fell from the previous year, decreasing to 70,937 compared to 73,831 in SY13.

5.8 Ofgem increased the number of amendment decisions made by 923 in SY14. This rise was largely driven by a significant increase in physical amendments, 71.4% of which

were meter replacements. As part of the scheme's ongoing obligations, participants must either recalibrate or replace their meter(s) after 10 years, or sooner- subject to manufacturer's instructions. Since the scheme launched in 2011, the earliest applications reached 10 years of accreditation in 2021. As a result, the increase was likely influenced by participants complying with the 10-year meter replacement requirement.

Value for money

5.9 The NDRHI has played a significant part in government strategy to incentivise the decarbonisation of heat in the non-domestic sector, having paid out £6.95 billion to eligible participants so far. As the scheme administrator, we are concerned with ensuring that the public money we allocate is spent fairly and effectively, and that we conduct our administrative duties efficiently to support the government in their delivery of policy objectives.

5.10 We are continuously working to represent good value for money for consumers by guarding against fraud and error, and making sure that only those eligible for support receive payments. In SY14, for each £1 spent on our operational delivery and audit and compliance work, in addition to the successful administration of the scheme, we protected £0.88 in the public purse. These results demonstrate our commitment to delivering tangible value and safeguarding public funds through efficient and responsible scheme management.

Stakeholder engagement

5.11 As administrators of the NDRHI scheme, engagement with stakeholders has been crucial. Ensuring that all scheme participants are aware of ongoing obligations is vital to the effective and robust operation of the NDRHI scheme. Ultimately, participants are responsible for maintaining their own compliance with scheme rules, but our efforts here are part of establishing a culture of accountability – where we have acted to ensure that participants have the knowledge to fulfil their obligations.

5.12 To do this effectively, we carry out a wide range of activities with organisations and individuals representing scheme participants and scheme users. We meet them in a diverse range of settings, from board-level meetings and roundtables to conferences and other events.

5.13 This allows for regular, detailed dialogue to take place between Ofgem and our external stakeholders. This ensures that we are not making administrative decisions in isolation, but rather with expert input from groups with a wide range of perspectives.

5.14 Alongside other engagement, we have kept participants and scheme applicants up to date with email notifications. These notifications provided information on a variety of issues, including annual maintenance requirements.

5.15 As accredited applicants are eligible to receive support for up to 20 years, we will continue to engage with and inform participants through our stakeholder engagement activities until 31 March 2041.

6. Looking Forward

This chapter provides a summary of significant changes affecting the future of the NDRHI scheme and discusses the ongoing support for low-carbon gas and heat following the closure of the scheme to new applicants.

6.1 The NDRHI provides payments for up to 20 years up until 31 March 2041, meaning that we will still be servicing participants until then. Alongside calculating and making payments, we will continue to process amendments and relocations, replacements, or changes of ownership (or transfers of producer in the case of biomethane installations) of existing installations.

6.2 We will continue to actively monitor participant compliance through our extensive audit programmes, as well as internal checks during our work administering the scheme, and requirements for participants to submit declarations. This, alongside the counter fraud measures that we continue to implement, ensures that we only pay subsidies on eligible heat generation, thereby ensuring fair and effective use of public funds. We continue to incorporate insights from our administrative work and our monitoring compliance activity to proactively look for ways to adapt our procedures and guidance to reduce the likelihood of non-compliances occurring.

6.3 Whilst the NDRHI has closed to new applications, the government provides continued support for biomethane installations. The Green Gas Support Scheme (GGSS)[32] launched on 30 November 2021 and provides tariff payments for up to 15 years for biomethane produced via anaerobic digestion and injected into the gas grid. An extension to the GGSS was announced in June 2024 and the scheme is now due to remain open for applications for another 3 years, until 31 March 2028.

6.4 Operating alongside the GGSS, the Boiler Upgrade Scheme (BUS)[33] opened for applications in 2022. The BUS supports the decarbonisation of heat in buildings, providing upfront capital grants to support the installation of heat pumps and, in limited circumstances, biomass boilers in homes and small non-domestic buildings in England and Wales. Through the BUS scheme, over £340 million of grant funding for low-carbon heating systems has now been paid. The scheme will run until 2028, with a confirmed budget of £1.5 billion over the next 3 years.

[32] Information on The Green Gas Support Scheme: <https://www.ofgem.gov.uk/environmental-and-social-schemes/green-gas-support-scheme-and-green-gas-levy>
[33] Information on The Boiler Upgrade Scheme: <https://www.ofgem.gov.uk/environmental-and-social-schemes/boiler-upgrade-scheme-bus>

6.5 Under the previous government, DESNZ published their Biomass Strategy[34] in August 2023, which assessed the potential uses of biomass in the UK's transition to net zero. The strategy outlined a continuing commitment to facilitating sustainable biomass deployment in the UK through policy measures, including incentives and requirements.

6.6 DESNZ have also issued a call for evidence[35] to help develop a future policy framework for biomethane production. This call for evidence closed on 25 April 2024 and the outcome will be published in due course. The feedback and evidence from the call for evidence will be used by DESNZ to inform the development of any new policy framework ahead of a more detailed future consultation.

6.7 The Energy Act 2023[36] creates a framework for Ofgem to be the future regulator for heat networks across Great Britain. The new heat network regulation will mean that to be authorised to supply heat through a heat network or operate a heat network, you will have to comply with authorisation conditions and other regulations set by government and Ofgem. Our aim is for heat network consumers to receive comparable standards to gas and electricity consumers over time, and we are currently developing a proportionate regulatory framework to protect the customers of heat networks whilst supporting investments in the sector.

[34] Biomass Strategy 2023: <https://www.gov.uk/government/publications/biomass-strategy>
[35] Future policy framework for biomethane production: call for evidence <https://www.gov.uk/government/calls-for-evidence/future-policy-framework-for-biomethane-production-call-for-evidence>
[36] Energy Act 2023: <https://www.legislation.gov.uk/ukpga/2023/52/contents>

Appendix 1 – Accredited installations by region

Figure A1.1: Installed capacity (MW) by region and technology[37]

Region	Solid Biomass Boiler	GSHP	Biogas	Solid Biomass CHP	WSHP	Waste	ASHP	Solar Thermal	Region total (MW)
West Midlands	566.1	98.7	45.6	43.1	3.1	0.0	2.5	0.9	**760.0**
East Midlands	546.4	34.4	43.4	69.5	9.7	0.0	2.5	0.5	**706.2**
Yorkshire and The Humber	531.7	44.5	29.9	8.9	13.7	25.2	3.3	0.8	**657.9**
East of England	341.7	73.2	60.9	9.3	79.5	0.0	3.8	0.7	**569.2**
North West	427.3	33.2	22.5	24.8	1.8	24.1	3.7	0.4	**537.8**
South West	397.0	29.5	31.2	18.3	4.6	0.0	5.3	1.0	**486.9**
Wales	401.5	16.1	23.7	33.6	1.3	0.0	2.4	0.5	**478.8**
South East	260.2	38.7	20.4	45.9	31.9	0.0	5.7	0.6	**403.4**
Southern Scotland	300.8	27.9	11.1	14.4	9.5	0.0	0.9	0.1	**364.7**
North East	140.0	36.8	14.2	31.7	6.2	88.0	1.6	0.2	**318.6**
Eastern Scotland	219.1	16.4	11.6	1.8	2.7	15.0	0.6	0.3	**267.3**
Highlands and Islands	225.9	3.1	8.7	13.2	3.4	0.0	1.8	0.2	**256.2**
North Eastern Scotland	190.0	10.9	4.3	0.0	0.1	0.0	0.1	0.1	**205.5**
West Central Scotland	66.3	4.9	2.2	2.9	8.4	0.0	4.1	0.1	**89.0**
London	22.1	11.1	1.6	7.8	10.7	0.0	4.2	0.0	**57.6**
Grand Total (MW)	**4,635.8**	**479.5**	**331.2**	**325.0**	**186.6**	**152.3**	**42.4**	**6.4**	**6,159.2**

N.B. biomethane plants are not included as they do not have a heat output.

[37] Due to rounding to one decimal place, some figures may not sum precisely to the stated totals.

Figure A1.2: Accredited installations by region and technology

Region	Solid Biomass Boiler	GSHP	ASHP	Biogas	Solar Thermal	WSHP	Bio-methane	Solid Biomass CHP	Waste	Region Total
South West	2,335	436	113	72	68	16	21	7	**-**	**3,068**
West Midlands	1,787	421	49	146	30	20	12	23	**-**	**2,488**
Yorkshire and The Humber	1,811	333	103	66	34	17	17	7	2	**2,390**
Wales	1,785	152	59	70	34	10	1	18	**-**	**2,129**
North West	1,614	258	91	90	27	12	5	9	1	**2,107**
East Midlands	1,590	187	67	93	13	8	13	2	**-**	**1,973**
East of England	1,177	254	65	62	26	22	15	5	**-**	**1,626**
South East	1,051	323	78	29	41	45	45	9	**-**	**1,621**
Southern Scotland	1,292	74	18	45	6	21	5	6	**-**	**1,467**
Eastern Scotland	808	75	27	41	11	11	9	1	1	**984**
Highlands and Islands	717	37	55	26	20	4	14	2	**-**	**875**
North East	667	90	50	15	11	2	7	2	2	**846**
North Eastern Scotland	521	23	6	18	5	1	3	-	**-**	**577**
West Central Scotland	242	83	20	10	5	4	2	1	**-**	**367**
London	75	64	23	1	4	13	4	1	**-**	**185**
Grand Total	**17,472**	**2,810**	**824**	**784**	**335**	**206**	**173**	**93**	**6**	**22,703**

Appendix 2 – Associated Documents

The Renewable Heat Incentive Scheme Regulations 2018 (as amended) can be viewed on the legislation.gov.uk website. Please note that this link returns legislation for both the domestic and non-domestic RHI schemes:

Renewable Heat Incentive Scheme Regulations:
<https://www.legislation.gov.uk/primary+secondary?title=Renewable%20Heat%20Incentive>

The Renewable Heat Incentive Scheme (Amendment) Regulations 2022 can be viewed on the legislation.gov.uk website:

February 2022 amendments to the RHI regulations:
<https://www.legislation.gov.uk/uksi/2022/159/contents/made>

Ofgem has published guidance documents on the NDRHI scheme, which can be viewed on the Ofgem website linked below:

Ofgem's NDRHI main guidance:
<https://www.ofgem.gov.uk/publications-and-updates/non-domestic-rhi-main-guidance>

For more information on the NDRHI scheme, visit the Ofgem website using the following link: Guidance and Resources

Ofgem contacts, guidance and resources about the NDRHI scheme:
<https://www.ofgem.gov.uk/environmental-programmes/non-domestic-rhi/contacts-guidance-and-resources>

For more information on NDRHI Payments and Tariffs, including information on how payments are calculated, visit the Ofgem website here:

NDRHI payments and tariffs:
<https://www.ofgem.gov.uk/environmental-and-social-schemes/non-domestic-renewable-heat-incentive-rhi/non-domestic-renewable-heat-incentive-rhi-payments-and-tariffs>

Public reports and data about the NDRHI scheme can be viewed our website:

Ofgem's public reports and data on the NDRHI scheme:

<https://www.ofgem.gov.uk/environmental-programmes/non-domestic-rhi/contacts-guidance-and-resources/public-reports-and-data>

Appendix 3 – Scheme Glossary[38]

A

Air source heat pump – See Heat pump.

Anaerobic digestion – Natural process in which micro-organisms break down organic matter (e.g., animal manure or waste food) within a contained environment. This produces biogas which can then be used as fuel to generate electricity.

Authority - The Gas and Electricity Markets Authority (GEMA) (the Authority) is the statutory body responsible for administering the NDRHI in Great Britain (GB). The Authority's day-to-day functions are performed by Ofgem, the office of the Authority.

B

Biogas – Biogas is a renewable fuel produced by the breakdown of organic matter.

Biomass – Organic matter used as fuel.

Biomethane – Biomethane is a gas (biogas) produced from organic matter through anaerobic digestion and then purified. Anaerobic digestion is a natural process in which micro-organisms break down organic matter (e.g. animal manure or waste food) within a contained environment.

Boiler Upgrade Scheme (BUS) – The Boiler Upgrade Scheme (BUS) supports the decarbonisation of heat in buildings. It provides upfront capital grants to support the installation of heat pumps and biomass boilers in homes and non-domestic buildings in England and Wales. The BUS opened to applicants in May 2022, with the scheme set to close to new applicants in 2025, however, the scheme was extended for a further 3 years until 2028.

C

Combined Heat and Power (CHP) – A plant that captures and uses heat which is created as a by-product of electricity generation.

[38] Many of the terms included in this glossary are defined in the Regulations and those definitions should be consulted for their legal meaning for the purposes of the Regulations.

D

DESNZ – Department for Energy Security and Net-Zero is responsible for RHI policy in GB.

E

Error rate – A measure of non-compliance. This is the estimated level of error across the scheme population, expressed as a percentage of all payments.

Extension application – A type of application introduced by BEIS (the former Department for Business, Energy and Industrial Strategy, now DESNZ) in response to the COVID-19 pandemic. Extension applications allow those who's projects had been delayed but were not eligible to submit a tariff guarantee application additional time to commission and submit a full accreditation application.

G

GEMA – The Gas and Electricity Markets Authority (GEMA) (the Authority) is the statutory body responsible for administering the NDRHI in Great Britain (GB). The Authority's day-to-day functions are performed by Ofgem, the office of the Authority.

Green Gas Support Scheme (GGSS) – The GGSS is a government environmental scheme that provides financial incentives for new anaerobic digestion biomethane plants to increase the proportion of green gas in the gas grid. The scheme initially opened to applicants in England, Scotland and Wales for 4 years from 30 November 2021. An extension to the GGSS was announced in June 2024 and the scheme is now due to remain open for applications for another 3 years, until 31 March 2028.

Ground source heat pump – See Heat pump.

GW – Gigawatt, equal to one billion watts.

GWh – Gigawatt hour, equivalent to one billion watt-hours of heat output.

H

Heat pump – A heat pump is a device that extracts ambient heat from the air, ground or water and increases it to use for heating.

K

kW – Kilowatt, equal to one thousand watts.

kWh – Kilowatt hour, equivalent to one thousand watt-hours of heat output.

M

MW – Megawatt, equal to one million watts.

MWh – Megawatt hour, equivalent to one million watt-hours of heat output.

R

RTFO – The Renewable Transport Fuel Obligation (RTFO) supports the government policy on decarbonising transport by encouraging the production and use of renewable fuels that do not damage the environment.

S

Solar thermal – A system that uses energy from the sun to heat water.

Solid biomass boiler – A boiler fuelled by solid biomass such as wood.

Solid biomass CHP – A plant fuelled by solid biomass such as wood that produces both heat and electricity.

T

Tariff guarantee – A process that allows certain applicants to the NDRHI to secure a tariff rate before their installation is commissioned and fully accredited on the RHI.

TW – Terawatt, equal to one trillion watts.

TWh – Terawatt hour, equivalent to one trillion watt-hours of heat output.

W

Water source heat pump – See Heat pump.