ofgem e-serve Making a positive difference for energy consumers

Non-Domestic Renewable Heat Incentive (RHI)

December 2014

Renewable Heat hits 1GW of installed capacity accredited under the Non-Domestic RHI

Facts and figures

1GW installed capacity

We've hit a major milestone: 1 GW of installed capacity has now been accredited under the Non-Domestic Renewable Heat Incentive (RHI) scheme since it opened three years ago. All over Scotland, England, Wales and Northern Ireland, renewable heating technologies are being installed and accredited under the RHI.

Since the Non-Domestic RHI was launched, our teams in Glasgow and London have been busy answering enquiries, helping applicants supply the correct information and ultimately accrediting installations and paying participants from all over the UK, across a variety of sectors.

Progress since launch

On 28 November 2011, the world's first Non-Domestic RHI scheme opened for applications*. The Northern Ireland RHI was launched by the Department of Enterprise, Trade, and Investment (DETI) on 1 November 2012. Since receiving the first application nearly three years ago, we currently have **6234 installations** and **1.06 GW** of installed capacity accredited under the scheme*.

What could you do with 1GW of installed capacity?

1GW of installed capacity is enough to provide heat to any of the following*:

100,000 HOMES

based on an average heat load of around 15,000 kWh per year per home

+100 TYPICALLY SIZED HOSPITALS

Additionally, 1GW of installed capacity is the same peak energy output as*:

2 TYPICAL GAS-FIRED POWER STATIONS

*All values are approximate

* Great Britain Non-Domestic RHI opened for applications on 28th November 2011. Please note that the Great Britain Non-Domestic RHI and Northern Ireland RHI are two different schemes. Both schemes are administered by Ofgem but are underpinned by different legislative frameworks.

* All figures used in this report are correct as of 30 September 2014.

The geographical distribution of the accredited installed capacity is shown on the map (Figure1). We've also shown a breakdown of accredited installed capacity by technology type (Figure 2).

Breakdown of accredited installed capacity by country

Figure 1: Regional break down of accredited installed capacity

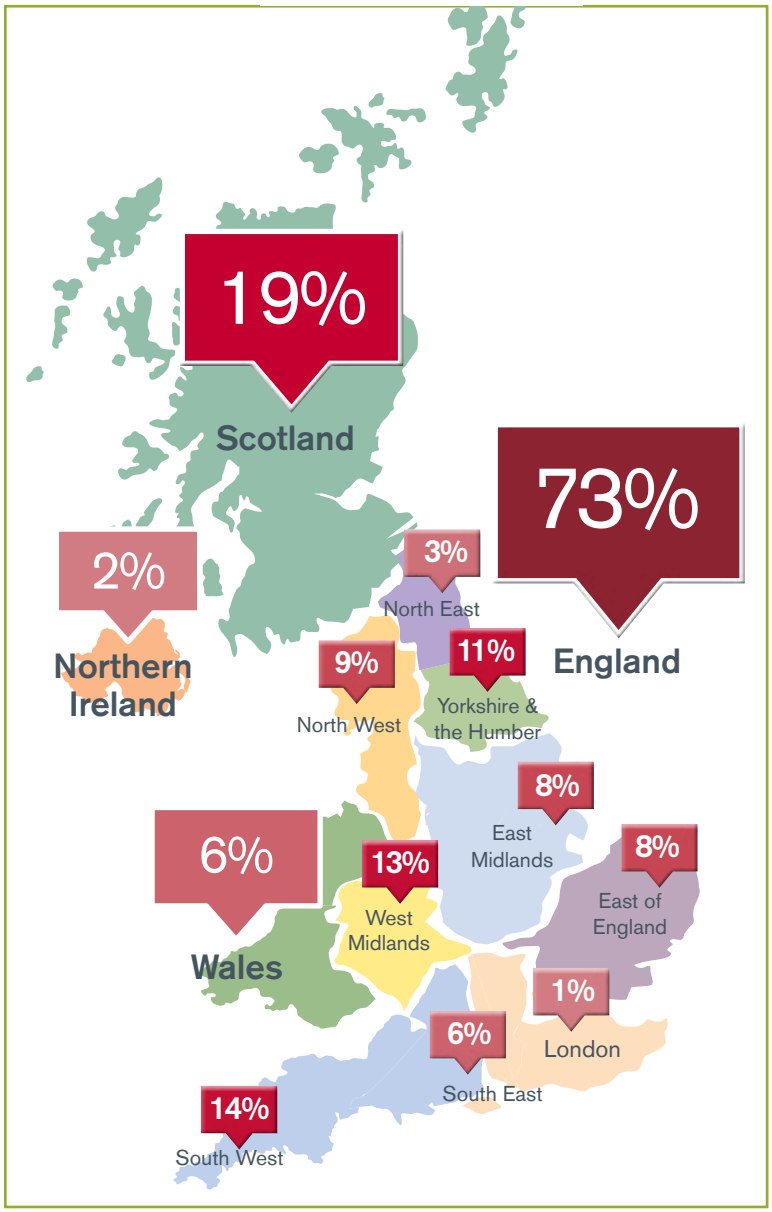

Figure 2: Table showing % of accredited installed capacity by technology type

Technology type	% of total accredited installed capacity
Solid Biomass	98.7%
Ground Source Heat Pump	0.8%
Solar Thermal	0.2%
Water Source Heat Pump	0.2%
Biogas	0.1%
Biomethane	*3 registered producers

*Registration for biomethane producers is based on volume injected rather than installed capacity

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Who is using renewable heat?

The Non-Domestic RHI is open to the non-domestic sector including industrial, commercial, public sector, not-for-profit organisations with eligible installations and producers of biomethane. Figure 3 shows the types of industries that have installed a renewable heat installation which has been accredited to the non-domestic RHI since launch. We have accredited installations over a wide range of sectors – 9 different industries in total - including installations which provide heat to churches, community centres, hotels, offices and even elephant showers. As you can see, the most common sector is crop and animal production, followed by accommodation and wood manufacturing.

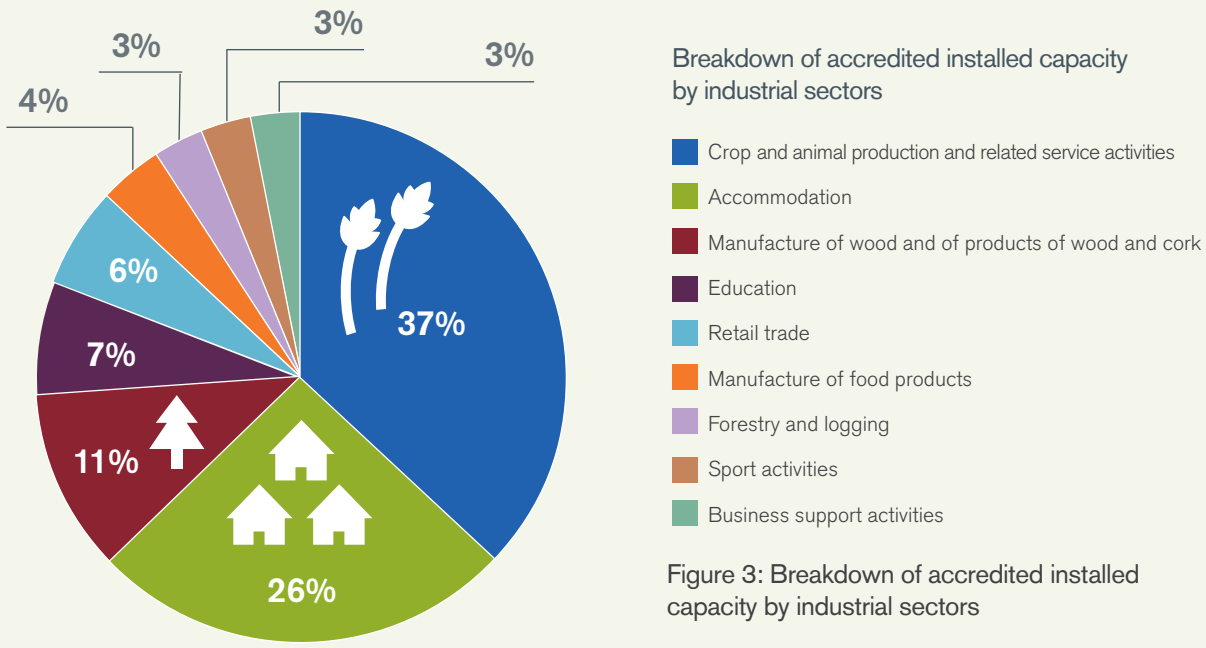


Figure 3: Breakdown of accredited installed capacity by industrial sectors

Does size matter?

No. As you can see from Figure 4, we have accredited a range of small, medium and large installations onto the RHI, such as farms, offices, schools and hospitals. The installation size can range from a small, 1kW solar thermal installation which provides hot water to an office, to a large, 27MW biomass steam turbine CHP facility. One of the largest biomethane producers registered onto the scheme produces over 5.5 million kWh of eligible biomethane per quarter – that is enough to provide heating and hot water to around 1500 typical family homes.

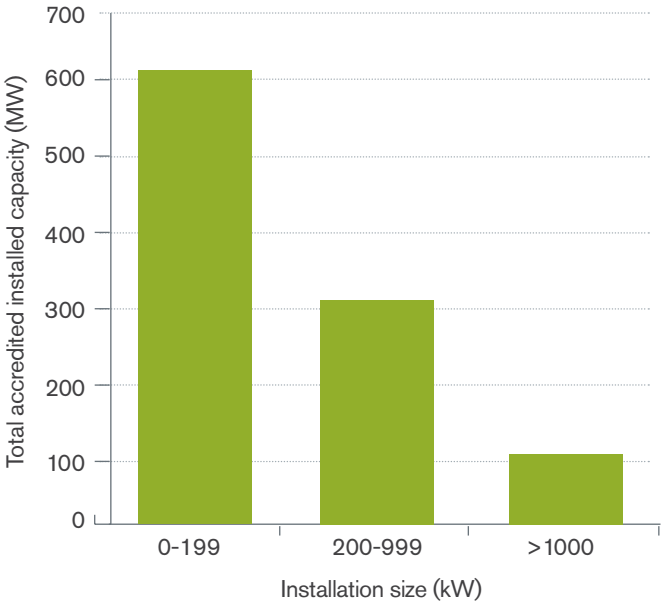
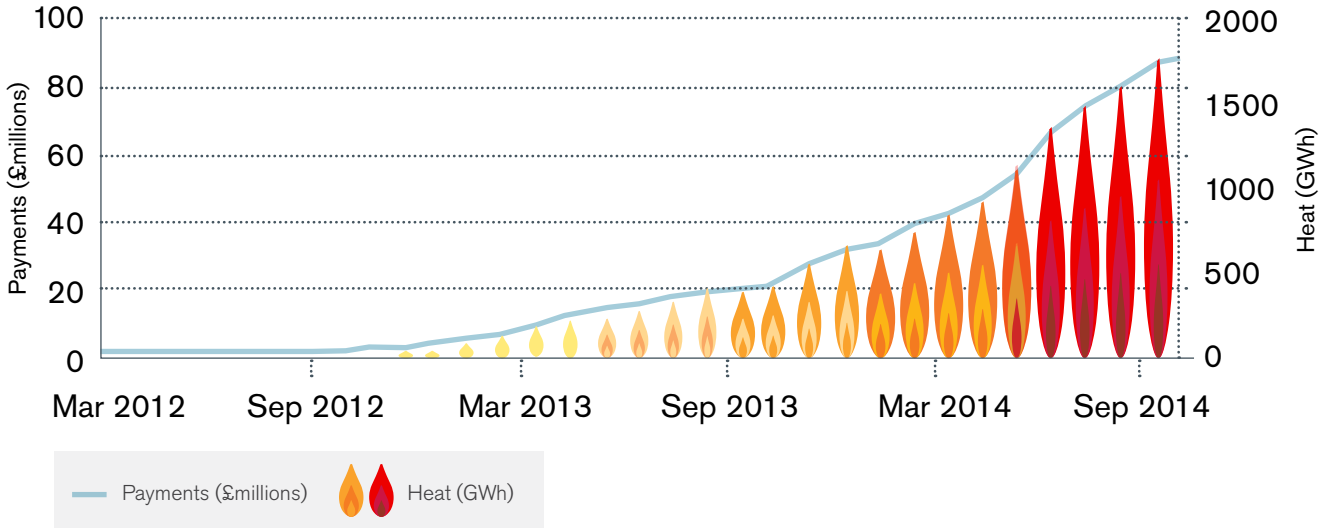


Figure 4: Total accredited installed capacity (MW) by installation size (kW)

How much renewable heat has been generated?

£ On 23 March 2012, we started making RHI payments to successful applicants. As you can see from Figure 5, we have paid over £85 million to those who have been accredited, for over 1760 GWh of eligible heat output. Over £5.2 million in RHI payments and 66 GWh of eligible biomethane injected is attributed to the 3 producers of biomethane currently registered under the RHI.

Figure 5: Cumulative payments made to RHI participants to date against eligible heat generated



Scheme activity

As well as accrediting applicants and paying participants, since launch we have also:

- Handled over 70,000 calls from applicants and participants.
- Responded to 51,772 enquires via email.
- Undertaken a comprehensive audit programme to ensure scheme participants are continuing to comply with the RHI requirements.

Facts and figures

Guidance and Stakeholder Engagement

We've updated some of our guidance materials by developing a range of 'Easy Guides'. These breakdown and summarise important information on the scheme, such as eligibility requirements, metering and how to submit heat output data once you've been accredited. Visit our website to see the full range of Easy Guides. For more detailed information on scheme requirements, please see Guidance Volumes 1 & 2.

We recently ran a stakeholder survey to gather feedback from scheme participants. Your responses have given us invaluable feedback on the quality of our service delivery. Now we're acting on what you told us. For example, you told us potential improvements could be made such as simplifying the accreditation process with better guidance on how to answer technical questions in the application form. That's why we are working on simplifying the Non-Domestic RHI application form to make sure that application form questions are easier to understand, to reduce the time it takes to complete the form leading to faster accreditation. We have also improved the Letter of Authority template by improving the guidance in the template to give applicants clarity on who should be completing the form, how it should be completed and in what circumstances. Click here for the revised template and guidance.

Additionally, we've created an Industry Advisory Group (IAG). This forum runs every quarter and was established to gather industry expertise to enable us improve our administration of the scheme. It also provides important updates to the renewable heat industry.

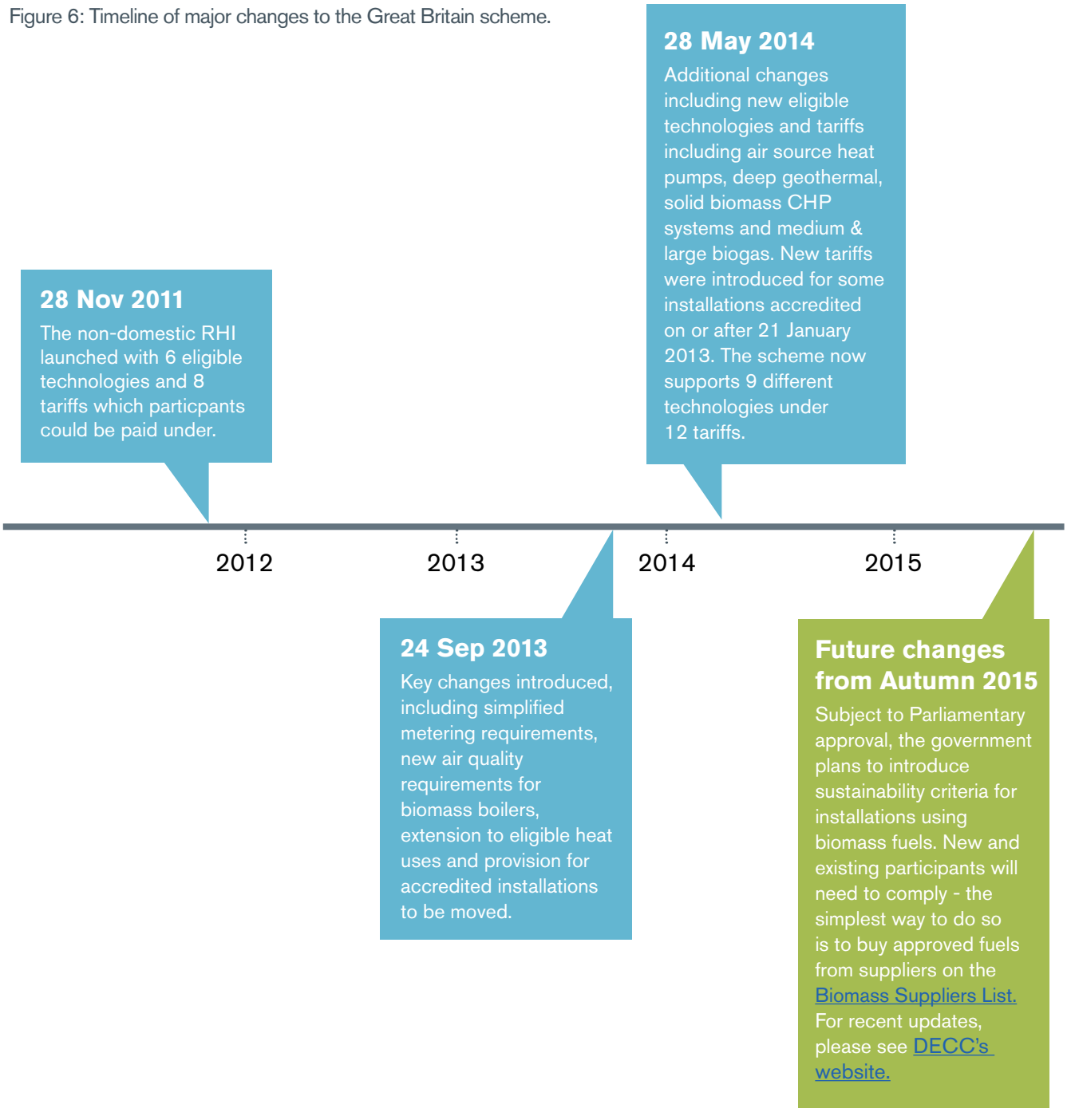
"The Ofgem IAG has provided an invaluable line of communication between industry and the implementers of RHI policy. This has had a largely unseen yet significant impact in a number of ways; making the application process easier (e.g. clearer forms); flagged up potential issues (e.g. problems with metering) before they became barriers; creating a balance between robustness and practicality; and identifying trends early. In short, we believe the deployment of the scheme would have been much the poorer without the work of the IAG and we will continue to work with Ofgem to optimise the uptake of renewable heat with the ultimate goal of helping to reach the governments' targets for renewable heat."

Graham Hazell
IAG member

Key changes to the Scheme

The Department of Energy and Climate Change (DECC) have made some important changes to the non-domestic RHI since launch. These are summarised in Figure 6 below - for more information see our website*.

Figure 6: Timeline of major changes to the Great Britain scheme.



Case Studies

Who were some of the 1st participants accredited under the Non-Domestic RHI?

On 31st December 2011, Broadgate Farm Cottages made history by becoming one of the first places in the UK to receive accreditation under the GB Renewable Heat Incentive. The accredited installation was a ground source heat pump which provides heat and hot water to five holidays lets at Broadgate Farm Cottages in Beverley. Owner of Broadgate Farm Cottages, Elaine Robinson said: "We don't have mains gas and oil and LPG is very expensive so when we decided to develop the holiday cottages a ground source heat pump was the most economically attractive in the long term, especially with the Renewable Heat Incentive."

On 21st November 2012, HRH the Prince of Wales officially opened the UK's first commercial Biomethane-to-Grid plant in Poundbury, Dorset, with notice of RHI registration being given that same month. During his speech The Prince said how proud he was that the Poundbury plant is "kick-starting the anaerobic digestion sector in this country." The anaerobic digesters convert organic matter, which includes potato waste, into biogas that is upgraded into biomethane and injected into the Southern Gas Networks (SGN) gas grid. . The plant has won a number of awards, including the Environmental Impact Award at the 2013 Energy Innovation Awards run by the gas and electricity industry, for creating "a meaningful, lasting legacy on the energy network".

And here are some others that we have accredited since…

NHS Highland installed a number of biomass systems to provide heat to medical centres, hospitals and administrative blocks. Gordon MacDonald, Energy & Sustainability Manager, NHS Highland says: "For an estate that has seen a rise in costs from £5.2M to £8.4M in the last 3 years, a large scale changeover to renewables is the only appropriate answer. Our intention is that biomass will take on 60% of the heat load of NHS Highland, reducing carbon emissions by over 9000 tCO2e a year & providing a net financial saving of at least £2M/yr and significantly more through time. Savings will mean more of the health monies in the Highlands can be spent on core frontline services".

Suffolk County Council

In order to replace old, inefficient oil boilers, Suffolk County Council installed 22 wood fuel boilers in local schools. They have recently completed their largest boiler installation serving a local district heating scheme on a school complex. SCC advised that "we expect it will save around 255 tonnes of CO2 a year and use around 250-300 tonnes of wood fuel a year".

Tuesley Farm, part of the Hall Hunter Partnership (HHP), are committed to becoming a green and sustainable fruit producing group. They replaced their LPG boiler with a new 199kW biomass boiler. By taking this step not only will they reduce their impact on the environment, but will also lower the cost of heating the buildings on the site.

For further information on the non-domestic RHI, please see our website.

Contact us on: 0845 200 2122 (RHI enquiry line open Monday to Thursday 9am-5pm and 9am-4.30pm Fridays)

rhi.enquiry@ofgem.gov.uk