

## Non-Domestic Renewable Heat Incentive (RHI)

# Annual Report

www.ofgem.gov.uk

July 2016

**This is the fourth Non-Domestic Renewable Heat Incentive (RHI) annual report and provides an update on the scheme from April 2015 to March 2016. It includes key statistics and data and a summary of activity over the past year.**

## Delivering a more sustainable scheme

**The Non-Domestic Renewable Heat Incentive (RHI) is a government environmental programme that provides financial incentives to increase the uptake of renewable heat by businesses, the public sector and non-profit organisations. The scheme was set up in 2011 and contributes to the UK's target of meeting 15% of energy demands with renewable sources by 2020.**

Ofgem E-Serve is responsible for administering a number of environmental programmes including the Non-Domestic RHI. The Department for Business, Energy and Industrial Strategy writes the regulations which are approved by Parliament (from July 2016 the new Department for Business, Energy and Industrial Strategy assumed the roles and responsibilities of the Department of Energy and Climate Change (DECC)). We oversee the application process, provide guidance to applicants and participants, accredit eligible applications and register producers of biomethane for injection. We receive and check participants' meter readings and other periodic data submissions, make payments and carry out checks to ensure applicants and participants comply with scheme rules. Ofgem E-serve is also responsible for ensuring the scheme is robust against fraud and error.

We are committed to providing an excellent service to applicants and participants on the scheme, which includes improving the way the scheme operates and implementing major policy changes.

- In September 2015, the Non-Domestic RHI reached another major milestone of 2GW of installed capacity accredited onto the scheme.
- In September 2015 we implemented a streamlined periodic data submission process for participants. It's intended to reduce the amount of time participants spend submitting their data. Between April 2015 and March 2016 there were more than 53,000 periodic data submissions on the Non-Domestic RHI.
- New sustainability requirements came into force on 5 October 2015 requiring participants who generate heat (or heat and power) from solid biomass and biogas or who produce biomethane for injection to use sustainable fuel. As part of the changes we produced new guidance including an Easy Guide to Sustainability and sent information to thousands of participants on how to prepare for the new rules.
- As part of our stakeholder engagement we took part in presentations and Q&A sessions at industry events across the UK.
- The number of people using heat pumps on the Non-Domestic RHI is growing, with applications doubling since last year. We held a series of workshops to inform people of the heat pumps application process and to raise awareness of ongoing obligations.

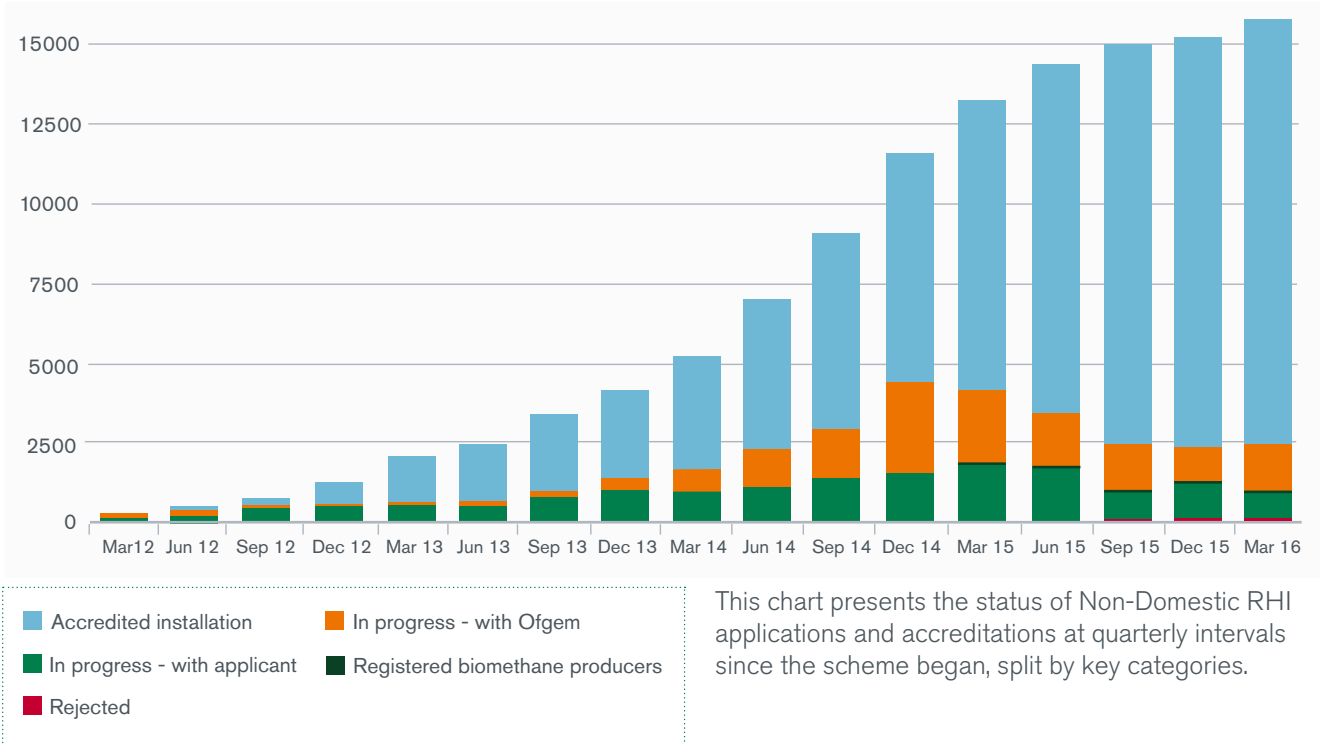
### Over the financial year 2015/16 we have:



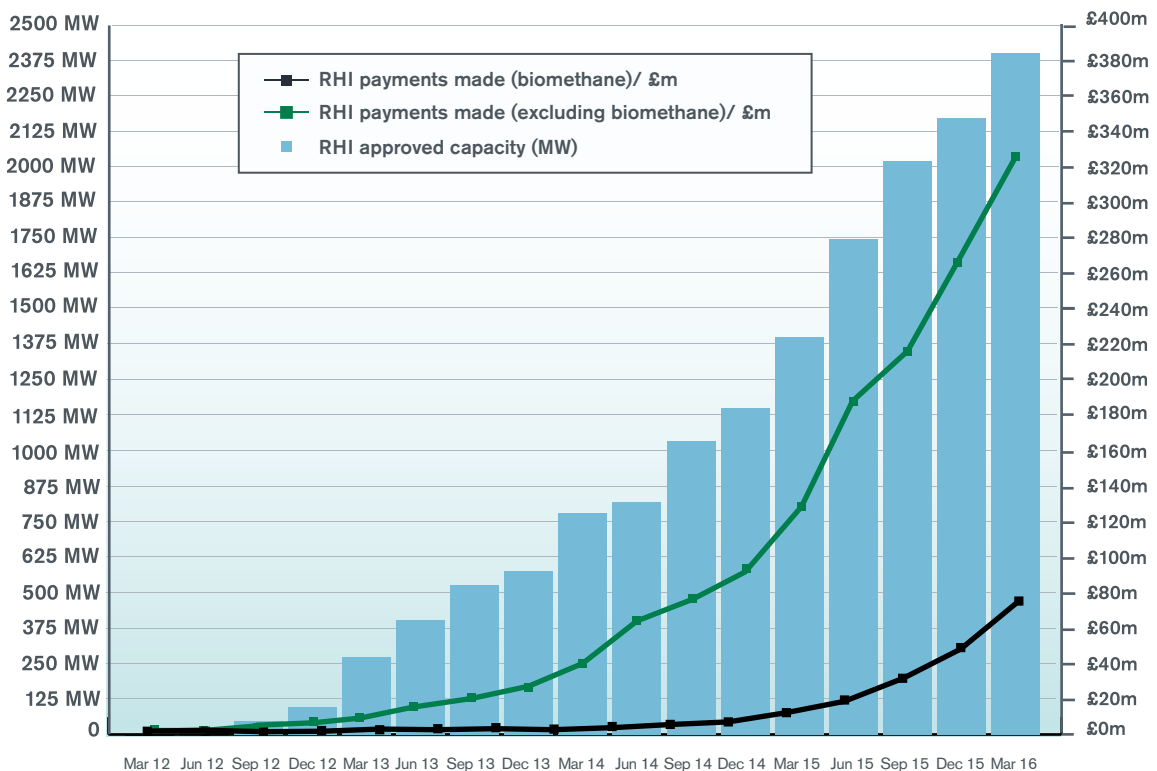
## Annual results - November 2011- March 2016

The charts and graphs on this page and the next page provide key statistics for the Non-Domestic RHI scheme.

**Chart 1: Non-Domestic RHI application process**

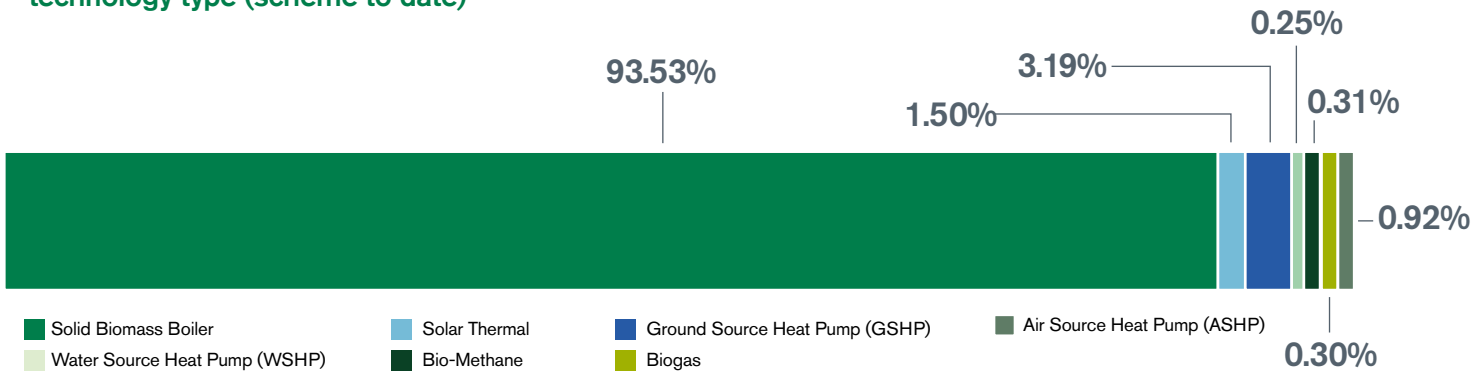


**Chart 2: RHI approved capacity and payments - cumulative**

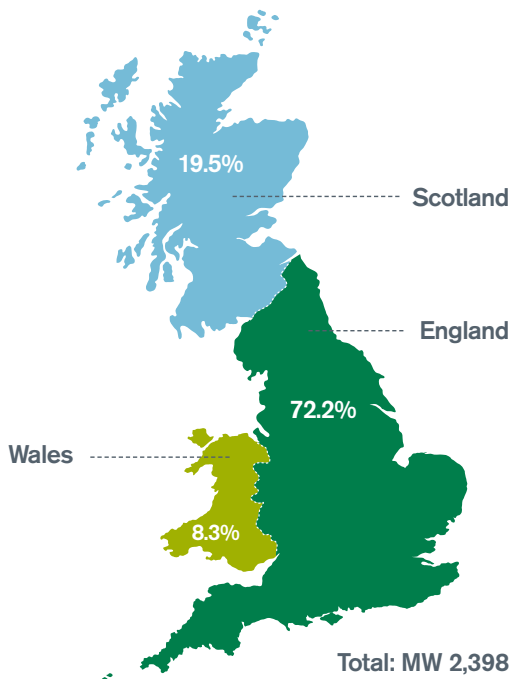


Non-Domestic RHI payments are made based on quarterly heat data submitted by participants with the first payments made in March 2012. These capacity figures are based on active full accreditations from June 2014. Before June 2014 the figures included preliminary and full approvals.

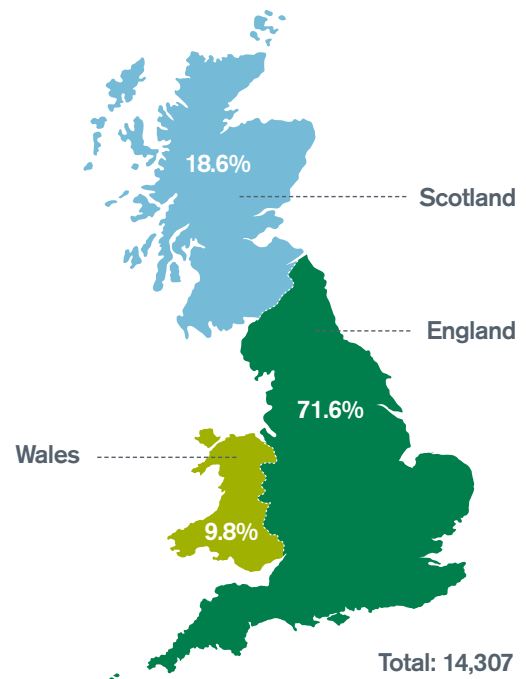
**Chart 3: Proportion of approved Non-Domestic RHI installations by technology type (scheme to date)**



**Chart 4: Percentage of accredited Non-Domestic RHI installations and registered biomethane producers by country (scheme to date)**



**Chart 5: Non-Domestic RHI total accredited capacity by country (scheme to date)**



## Significant changes to Non-Domestic RHI regulations

**There were a number of changes to the Non-Domestic RHI introduced by DECC in Great Britain over the past year.**

### July 2015

DECC introduced a number of changes that came into effect on 27 July including adjustments to degression calculations for biomethane and changes to Ofgem's administrative powers on rejecting applications to the scheme. Updates to MCS standards were also made and came into force on 26 September 2015.

### October 2015

DECC introduced new sustainability requirements that came into force on 5 October 2015. From this date, participants who generate heat (or heat and power) from solid biomass and biogas or who produce biomethane for injection have to use sustainable fuel. The requirements include greenhouse gas emissions limits and specific land criteria. Participants can meet the new requirements by either:

- Buying fuel from the Biomass Suppliers List (BSL) (only for woody biomass).
- Registering as a self-supplier on the BSL (installations under 1MWth for woody biomass only).
- Self-reporting on the criteria.
- Being accredited on the Renewables Obligation scheme and satisfying the sustainability criteria on that scheme (if their application is for a Biomass or biogas CHP plant of 1MWe or above).

### March 2016

DECC made some minor changes to the scheme that came into force on 24 March 2016 to:

- Adjust tariffs by the Consumer Prices Index instead of the Retail Prices Index for participants with a tariff start date from 1 April 2016.
- Align the RHI sustainability land criteria with that of the Renewables Obligation.
- Reflect that biogas CHP plants can be deemed to meet the sustainability requirements if they are meeting the sustainability criteria on the Renewables Obligation scheme.

DECC also announced its intention to introduce a new budget control mechanism to ensure the scheme remains within budget.

## Key contacts

### RHI

For more information, visit the Ofgem webpage at [www.ofgem.gov.uk/rhi](http://www.ofgem.gov.uk/rhi). You will find clear information about the accreditation process, how to apply and instructions on your 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 email at [RHI.Enquiry@ofgem.gov.uk](mailto:RHI.Enquiry@ofgem.gov.uk)

### Press enquiries

For press enquiries please contact Ofgem E-Serve's press office on **0207 901 3111**.