

Non-Domestic Renewable Heat Incentive (RHI)

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Non-Domestic



Guidance on grant repayment

This guidance note is intended for owners of installations or equipment used to produce biomethane who wish to apply for support under the Renewable Heat Incentive (RHI) and who have received a grant from public funds which was paid towards the costs of purchasing and/or installing their renewable heat installation or equipment used to produce biomethane.

The Renewable Heat Incentive Scheme (Amendment) Regulations 2014 (the 2014 Amendment Regulations) which came into effect on 28 May 2014 have amended the provisions in the Renewable Heat Incentive Scheme Regulations 2011 (the 2011 RHI Regulations) relating to the treatment of grants from public funds. A '**grant from public funds**' is a grant made by a public authority or by any person distributing funds on behalf of a public authority. Further information on grants can be found in chapter 4, volume 1 of the RHI guidance document.¹

Under the 2011 RHI Regulations if you received a grant from public funds for an eligible installation which was completed and first commissioned between 15 July 2009 and 29 November 2011 you would only be eligible for RHI support if the portion of the grant relating to the installation is repaid. With the introduction of the 2014 Amendment Regulations the window for the repayment of grants has been removed so that it is now possible to repay the grant irrespective of when the installation was completed and first commissioned and be considered for the RHI scheme. The 2014 Amendment Regulations also include special provisions for grants originating from National Lottery funds. You will still have to satisfy the other eligibility criteria for the scheme.

¹ <https://www.ofgem.gov.uk/publications-and-updates/renewable-heat-incentive-guidance-non-domestic-scheme-volume-one-eligibility-and-how-apply-version-3>

If you have received a grant from public funds which was given to you for reasons other than for the costs of purchasing or installing the installation or equipment used to produce biomethane and you want to apply for RHI, you must make sure that no part of this grant is spent on the costs associated with the installation for which you are applying for RHI support. This is because, unless you fall within the new provisions of the 2014 Amendment Regulations, you would be required to repay the grant if you wish to receive RHI support.

You should consider this requirement when you are organising the financing of your project. Separate bank accounts and funding timelines may be relevant factors to consider.

The components we consider to make up an installation in respect of each supported technology can be found in the table in the 'what is an installation' section in chapter 4, volume 1 of the RHI guidance.

I have received a grant. Am I eligible to apply for the scheme?

If you have received a grant from public funds which was paid towards the costs of purchasing and/or installing your renewable heat installation or equipment, you will need to repay the portion of the grant relating to the installation or equipment to be eligible for the scheme. A grant can be repaid in the following circumstances.

1. You make arrangements to repay the grant to the person or authority who made the grant
2. (New provision introduced in the 2014 Amendment Regulations.) If you want to repay the grant but the person or authority making the grant has
 - refused to accept repayment of the grant , or
 - ceased to exist,

and you provide satisfactory evidence to support this, we may accredit or register your installation but the amount of the grant you are required to repay will be deducted from your quarterly RHI payments.

3. (New provision introduced in the 2014 Amendment Regulations.) If you are in receipt of a National Lottery grant and installation of your plant was completed and first commissioned, or injection of biomethane commenced, on or after 15 July 2009

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and before 28 November 2014 we may also accredit your installation but the amount of the grant you are required to repay will be deducted from your quarterly RHI payments. You will also be able to repay the grant as an alternative means to be eligible for RHI support.

If you have received a **grant offer letter** but you have not yet been paid the grant, we will require evidence from the grant-making body that the grant offer has been rejected and no monies will be paid for the cost of purchasing/installing the renewable heat installation.

Repaying your grant to the grant making authority

This section describes the steps that need to be taken, and the evidence you are required to provide, where you have received a grant from public funds and want to repay your grant.

1. Provide us with evidence showing the amount of the grant that was used to buy and/or install the renewable installation or equipment used to produce biomethane. This is especially important where your funding includes grants and other loans or funding which would not be considered to be grants from public funds under the RHI Scheme regulations. To determine the grant repayment amount we will also require evidence showing the funding sources used to buy and/or install the renewable installation or equipment.
2. Contact the grant-making body and inform them that you wish to repay the grant. *(In cases where the responsibilities for the grant programme have been passed onto another body, you should contact this other body. The steps below and evidence required will remain the same. For example, if you wish to repay a grant received under the Bioenergy Capital Grant Scheme or the Low Carbon Building Programme I & II and the original grant-making body no longer has responsibility for the scheme you should contact the Department of Energy and Climate Change.*
3. Repay the grant according to the directions of the grant-making body.

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4. Receive a document from the grant-making body confirming that the grant has been repaid. We will expect this to normally take the form of a letter on headed paper signed by an appropriate employee of the grant-making body confirming that the grant has been repaid. The following information will need to be included:
 - a. The name of the organisation or individual that has repaid the grant
 - b. The name of the grant
 - c. The repayment amount
 - d. The date of effective repayment
 - e. The grant reference number (where applicable)
 - f. The repayment reference number (where applicable)

5. Submit this confirmation document to Ofgem as part of your application for accreditation.

Ofgem will consider this information alongside the other information provided as part of your application for accreditation to the scheme.

Please note that Ofgem may contact the grant-making body to confirm that the grant has been repaid.

Repayment of grant through RHI payment deductions

This section sets out the steps and evidence you will need to provide if you have received a grant:

- which you want to repay but the person or authority that provided the grant has either refused to accept repayment or has ceased to exist
- from National Lottery funding and installation of your plant was completed and first commissioned, or injection of biomethane commenced, on or after 15 July 2009 and before 28 November 2014.

In these circumstances we may consider accrediting your installation and for the grant to be repaid through deductions from future quarterly RHI payments. You will need to provide:

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1. evidence showing the amount of the grant that was used to buy and/or install the renewable installation or equipment used to produce biomethane. This is especially important where your funding includes grants from public funds and other loans or funding which would not be considered to be grants from public funds under the RHI Scheme regulations. To determine the grant repayment amount we will require evidence showing the funding sources used to buy and/or install the renewable installation or equipment.
2. evidence that the person or authority who made the grant has refused to accept repayment of the grant or has ceased to exist
3. evidence, if you are in receipt of a grant from National Lottery funding, of the date installation of your plant was completed and first commissioned

If we determine that your grant can be repaid through your future RHI payments you should be aware that deductions will be made from your quarterly RHI payments. Further information, and an example of how deductions are calculated, can be found in chapter 5, volume 2 of the RHI guidance².

You should also be aware that once we have determined the amount of the grant that has to be repaid through RHI payment deductions this will be subject to an annual Retail Price Index (RPI) adjustment for the duration of your accreditation on the scheme. The example provided in our guidance shows the effect of the annual RPI adjustment on the grant amount to be repaid. From 1 April 2016, this will be calculated using the Consumer Prices Index (CPI) for new participants.

Contact us

For any other questions regarding this guidance note, or for further information about the scheme, please contact the RHI enquiries team on 0300 003 2289 or via email at RHI.Enquiry@Ofgem.gov.uk.

² <https://www.ofgem.gov.uk/publications-and-updates/renewable-heat-incentive-guidance-non-domestic-scheme-volume-two-ongoing-obligations-and-payments-version-3>

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