

Non-Domestic Renewable Heat Incentive

July 2018

Annual Report

This is the sixth Non-Domestic Renewable Heat Incentive (RHI) annual report and provides an update on the scheme from April 2017 to March 2018. It includes key statistics, data and a summary of activity over the past year.

Update on the Non-Domestic RHI

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, which was set up in 2011, contributes to the UK's target of meeting 15% of energy demands with renewable sources by 2020.

Background

Ofgem administers a number of environmental programmes including the Non-Domestic RHI. The Department for Business, Energy & Industrial Strategy (BEIS) writes the regulations which are approved by Parliament. We oversee the application process, provide guidance to applicants and participants, accredit eligible installations and register producers of biomethane for injection. We receive and check participants' meter readings and other periodic data submissions, make payments and carry out audits to ensure applicants and participants comply with scheme rules. Ofgem is also responsible for ensuring the scheme is guarded against fraud and error.

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

Year in review

- Over the course of the year we have worked with BEIS on a range of regulation changes to the scheme.
- More than 18,200 participants are on the Non-Domestic scheme. In total the Non-Domestic RHI reached almost 4GW of renewable heat capacity installed on the scheme.
- In September 2017, the RHI teams continued to support BEIS regulation change which saw the Non-Domestic RHI tariff rates levelled for all biomass capacities. This ensures the scheme continues to incentivise at appropriate levels and that biomass installations are not inappropriately sized based on tariff boundaries.
- Throughout the year the RHI teams have worked with colleagues across Ofgem and at BEIS to prepare and

provide information to the National Audit Office (NAO) and Public Accounts Committee (PAC).

- In October 2017, continuing our commitment to zero tolerance to fraud, we issued a reminder of our position on tackling fraudulent applications. We conducted an increased number of audit checks throughout the year as part of our commitment to ensure compliance on the scheme and audited 568 installations. Investigation cases

closed within the year has resulted in £426,201 of Public Funds protected / expected to be recovered.

- We attended events throughout the year, taking part in presentations and Q&A sessions across the UK building up to the Regulations release in May 2018. Building on our industry stakeholder relations we established a cross RHI Industry forum group and held our first meeting in February.

Over the financial year 2017/18 we:

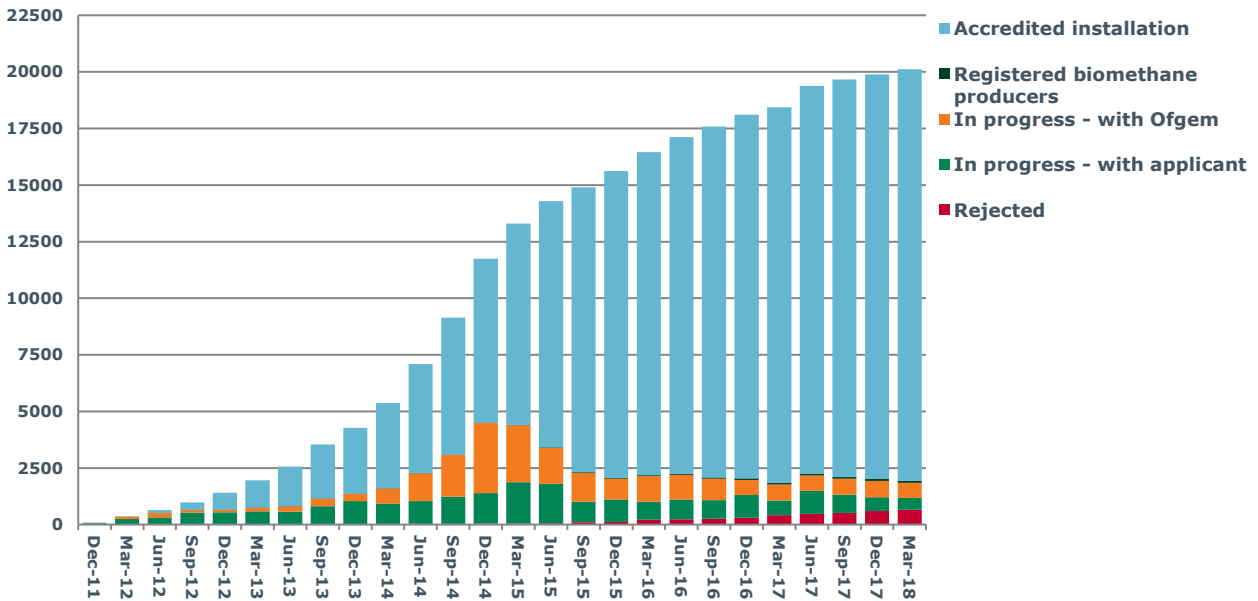


December 2011-March 2018

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

Chart 1: Non-Domestic RHI application process

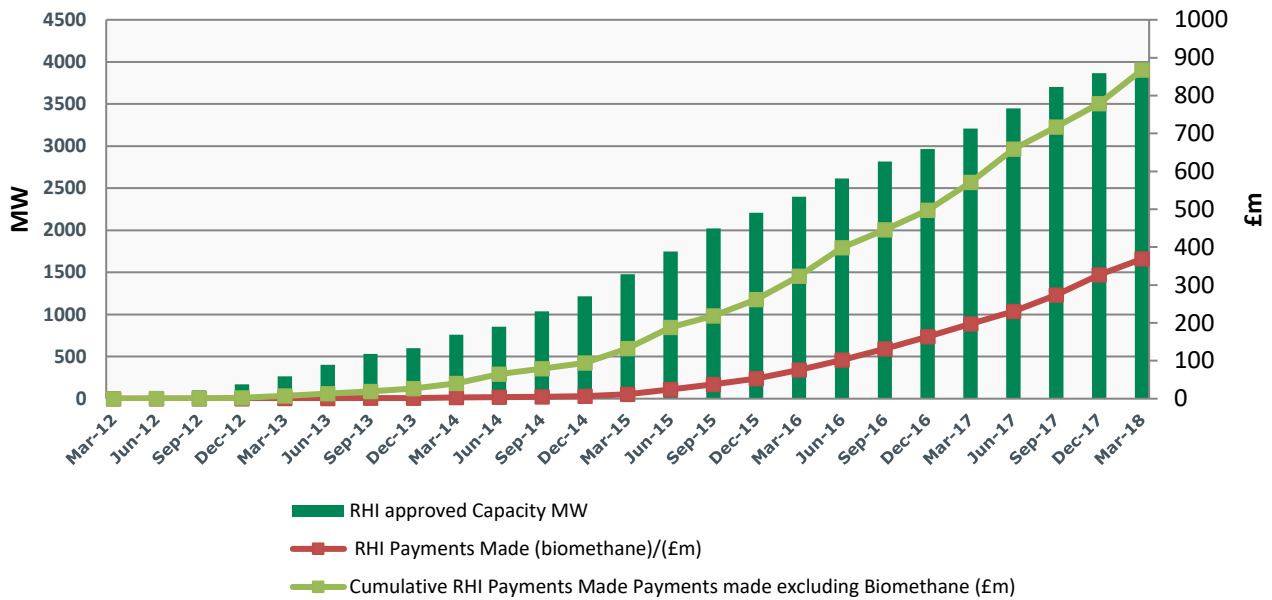
This chart presents the status of Non-Domestic RHI applications and accreditations at quarterly intervals since the scheme began (split by key categories).



Historical figures can be found on our [website](#).

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.



Historical figures can be found on our [website](#).

Chart 3: proportion of approved Non-Domestic RHI installations by technology type (Scheme to date)

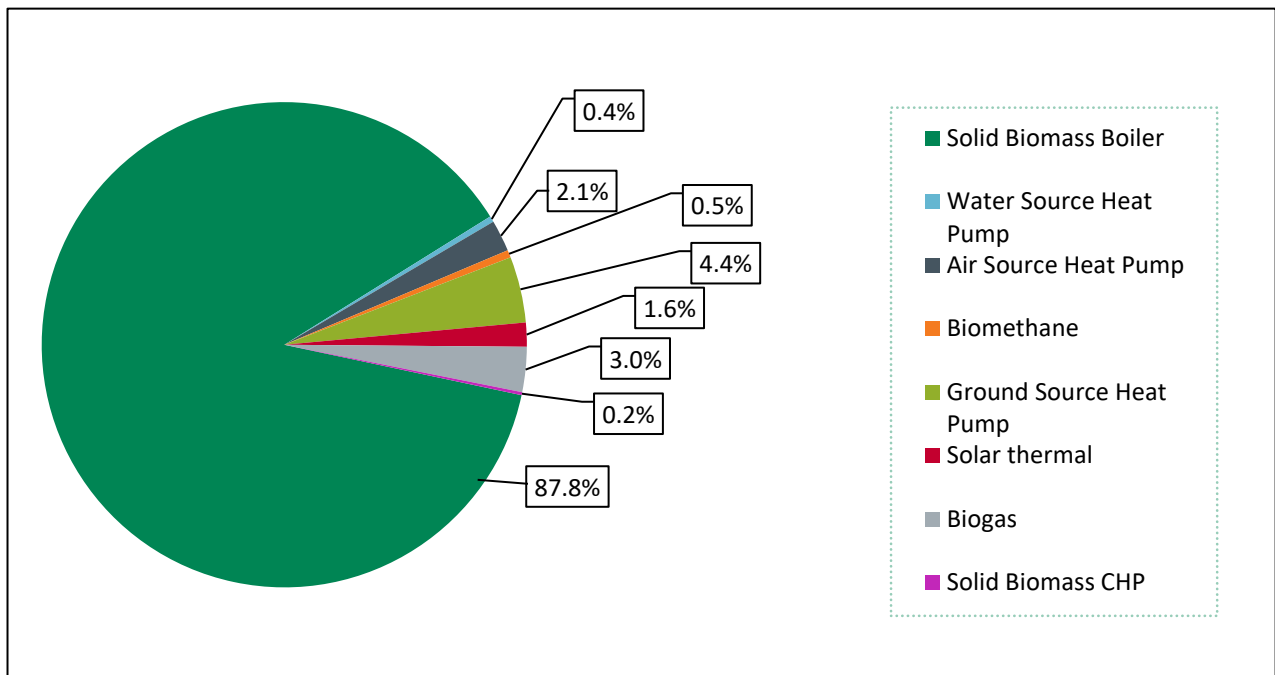


Chart 4: Non-Domestic RHI total accredited capacity (MW) by country (scheme to date)

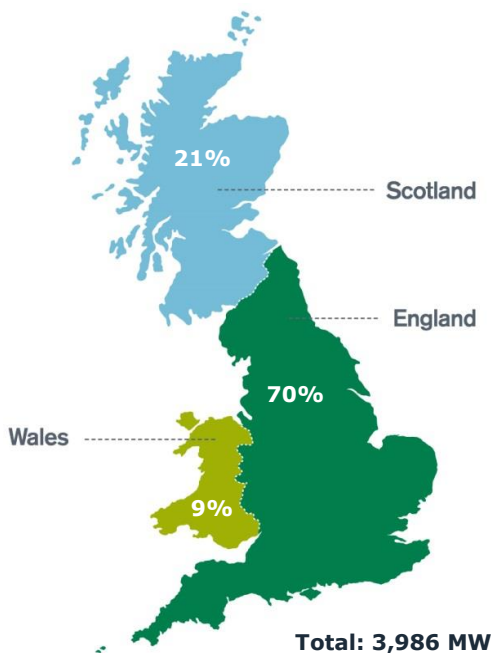
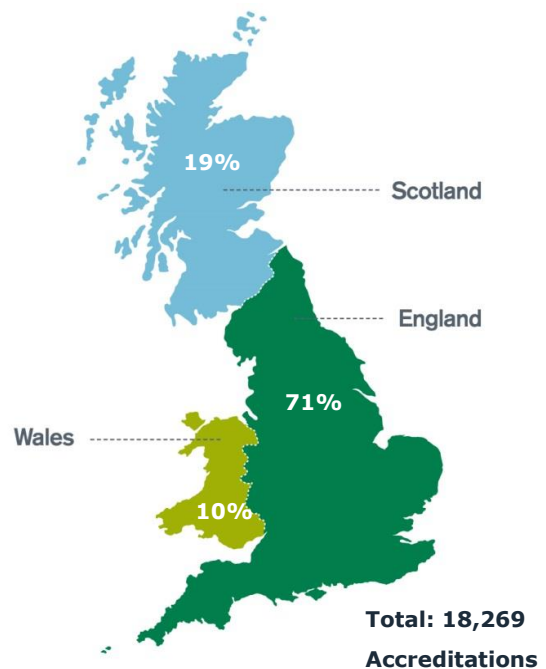


Chart 5: Percentage of accredited Non-Domestic RHI installations and registered biomethane producers by country (scheme to date)



Changes to the Non-Domestic RHI Regulations

Changes to the Non-Domestic RHI introduced by BEIS in Great Britain over the past year.

July 2017 - Updating of MCS requirements

Regulations updated so that version 5.0 of the Microgeneration Installation Standard is noted as a relevant installation standard that applies to the Microgeneration Certification Scheme for the purposes of the Non-domestic Renewable Heat Incentive and Domestic Renewable Heat Incentive.

September 2017 - Biomass tariff changes

Small, medium and large biomass tariff rates changed from 20th September to one [single tariff per tier](#).

February 2018 - Laying of new regulations

New RHI regulations were laid by BEIS in February 2018 and included a number of changes and new policies including tariff guarantees and shared ground loops which were announced in the December 2016 government response: ('[The RHI: A reformed scheme](#)'). They also included changes to eligible heat uses which were announced in the January 2018 government response: ('[Non-domestic RHI: Eligible Heat Uses](#)'). These regulations did not come into effect in the 2017/18 financial year but did so in the subsequent financial year in May 2018.

Key Contacts

RHI

For more information visit the Ofgem website at www.ofgem.gov.uk/rhi. You will find information about the accreditation process, how to apply and details about 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 rhi.enquiry@ofgem.gov.uk.

Press enquiries

For press enquiries please contact Ofgem's press office on **0207 901 7179**