

Domestic Renewable Heat Incentive Annual Report

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July 2015



The Domestic Renewable Heat Incentive (RHI) opened for applications on 9 April 2014 for customers across England, Scotland and Wales who install eligible renewable heating technologies in their homes. This report details the activity for the first year of the Domestic RHI scheme, covering 9 April 2014 to 31 March 2015.

Background

The Department of Energy and Climate Change (DECC) launched the Domestic Renewable Heat Incentive (RHI) with the intent to bridge the gap between the cost of fossil fuel heating sources and renewable heating alternatives through financial support for homeowners, private and social landlords and people who built their own homes. The scheme was also designed to help support and build the supply chains needed to deliver the UK's targets for renewable heat in 2020 and beyond.

Ofgem E-serve is the administrator of a number of the Government's environmental schemes including the Domestic RHI. In preparation for the launch of the Domestic RHI and during the first year of the scheme, the team at Ofgem E-serve worked closely with those at DECC to create awareness and understanding of the scheme and the application process. This included attending events and conferences covering over 30 days, as well as running 25 bespoke RHI Roadshows all around the UK.

DECC and the Scottish Government jointly developed the Domestic RHI Payment Calculator which was launched on 30 July 2014. The calculator enables anyone to estimate payments regardless of their level of knowledge and whether they have an Energy Performance Certificate or not. As at 31 March 2015 there had been over 78,900 uses from over 53,200 unique users. In April 2015 the Calculator's functionality was improved to enable users to input a specific floor area and refine their estimate.

Anyone who installed a renewable heating technology between 15 July 2009 and 9 April 2014, and who met the eligibility criteria, was able to apply to the Domestic RHI as a 'legacy' applicant. These legacy applications were phased in, on 9 July 2014 and 9 October 2014, to help manage the large numbers forecast. These formed two of the key milestones of the first year.

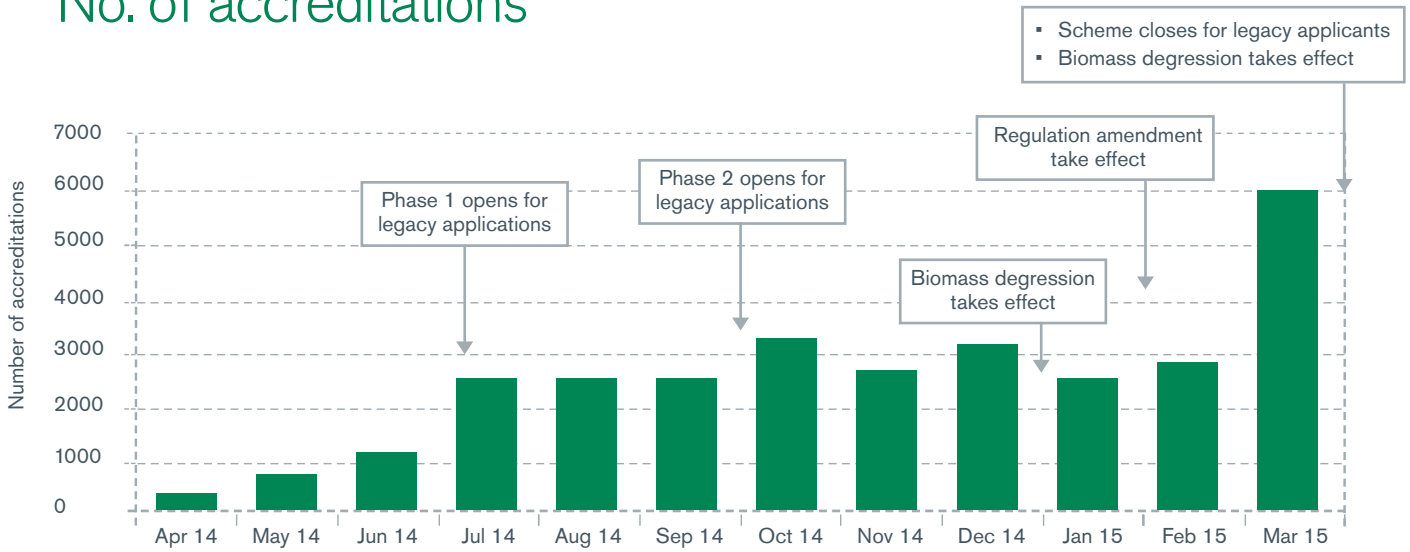
The Domestic RHI tariffs are set by DECC and to keep the scheme within budget they can lower the tariff rates for new applicants. This is called 'degression'. DECC reviews spending on the scheme and compares it to their forecasts every quarter. If spending reaches a certain level for any of the four technologies this is known as a degression trigger and the tariff for that technology will decrease by 10% (or 20% for a 'super trigger') from the start of the next quarter. The first year of the scheme saw a biomass tariff degression of 10% on 1 January 2015 and a further degression of 20% on 1 April 2015 due to the triggers being surpassed.

In November 2014 DECC also announced a number of changes to the scheme regulations. The changes, which included: allowing Registered Social Landlords (RSLs) to apply without a Green Deal Assessment, the inclusion of some eligible 'cooker stoves', the addition of high temperature heat pumps, and a clarification for properties comprised of multiple buildings, were approved by Parliament and came into force on 5 February 2015.

All of these significant dates were accountable for peaks and troughs in the number of applications made to the Domestic RHI applicant support centre at Ofgem E-serve. These patterns are reflected in the data outlined in this report.



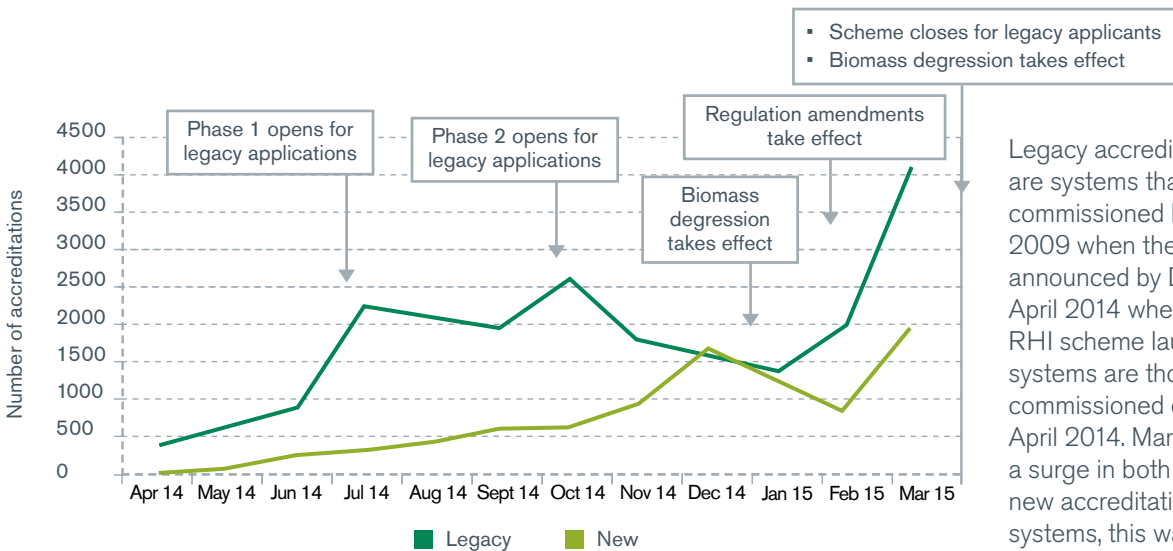
No. of accreditations



In total we made
30,695
 accreditations in the first year
 of the scheme

The key milestones for the first year of the scheme are highlighted in the graph above. The spike in March is largely caused by the biomass super degradation (a 20% reduction on the existing tariff) coming into effect on 1 April 2015 for new applicants as well as the scheme closing to legacy applicants on 9 April 2015.

Legacy and new accreditations

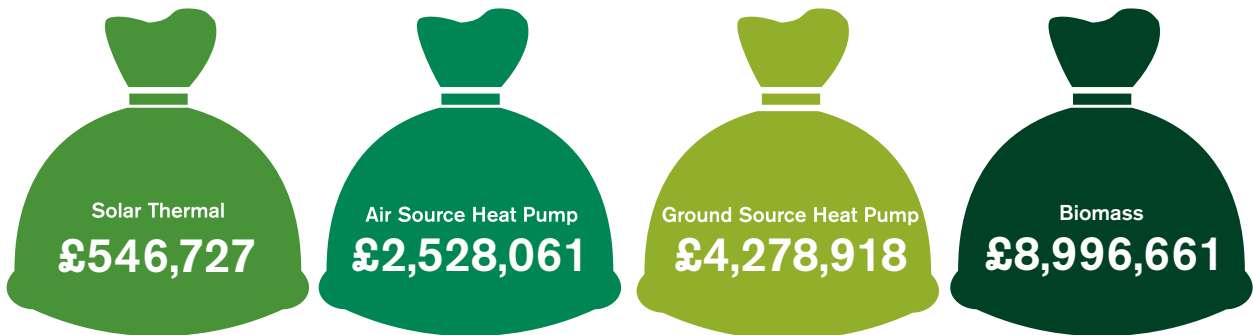


In total we made
21,617
 legacy accreditations

In total we made
9,078
 new accreditations

Legacy accreditations are systems that were commissioned between 15 July 2009 when the RHI was first announced by DECC, and 9 April 2014 when the Domestic RHI scheme launched. New systems are those that were commissioned on or after 9 April 2014. March 2015 saw a surge in both legacy and new accreditations. For legacy systems, this was due to the legacy application window closing on 8 April 2015. The biomass degradation on 1 April 2015 caused the surge for new applicants.

Payments made to accredited customers*

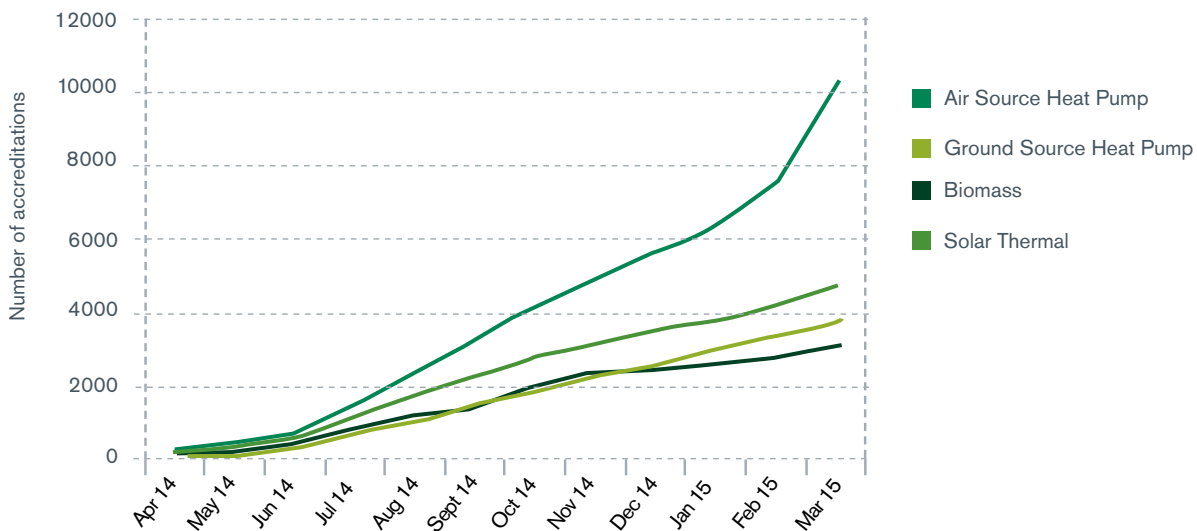


*In financial year 2014-2015

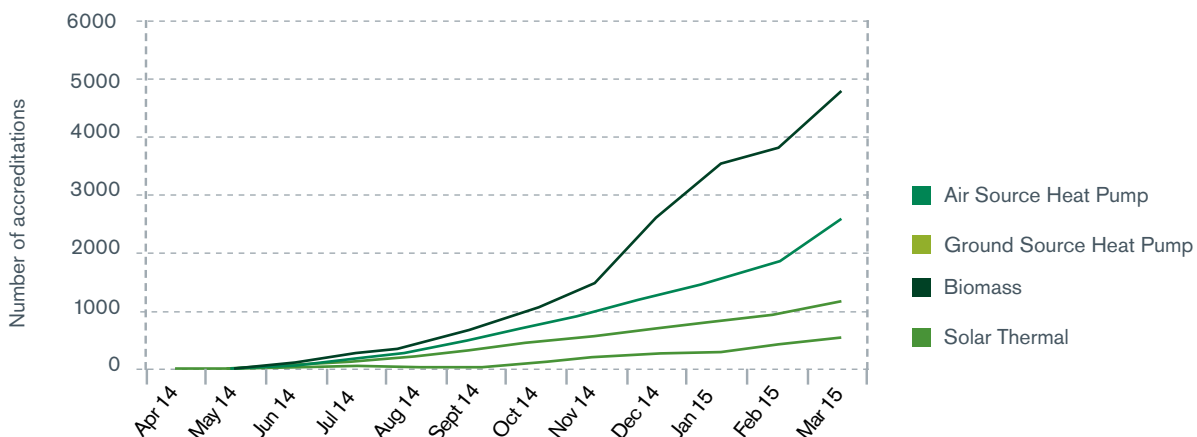
Accreditations by technology (cumulative)

The graphs below show the number of accreditations made per technology type. Degressions to the biomass tariff at the end of December and March meant that biomass accreditations increased substantially in the lead up, with a drop-off in the immediate aftermath. Air source heat pumps remained the most popular legacy technology throughout the year.

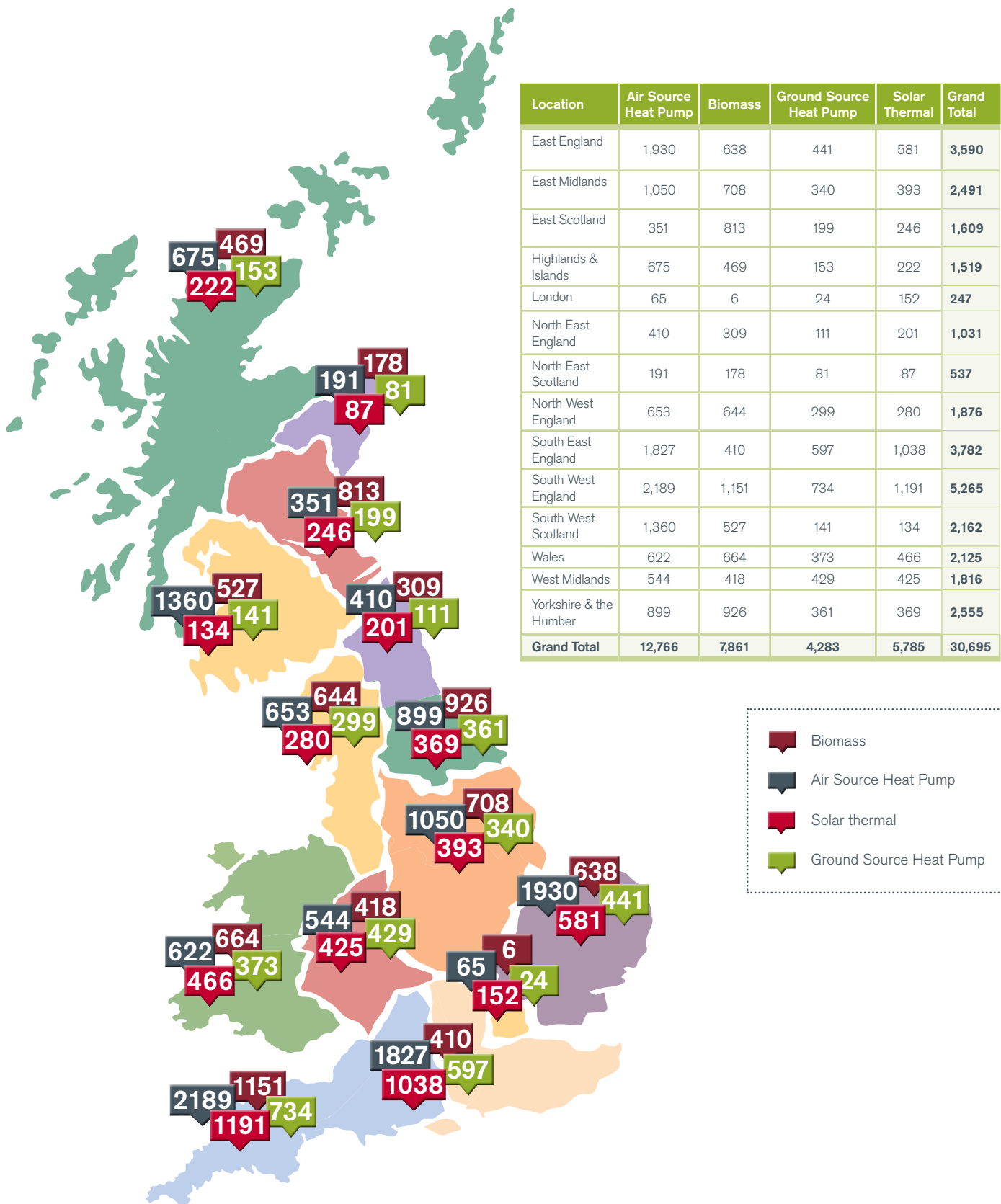
Legacy accreditations



New accreditations



Geographic distribution of accredited installations

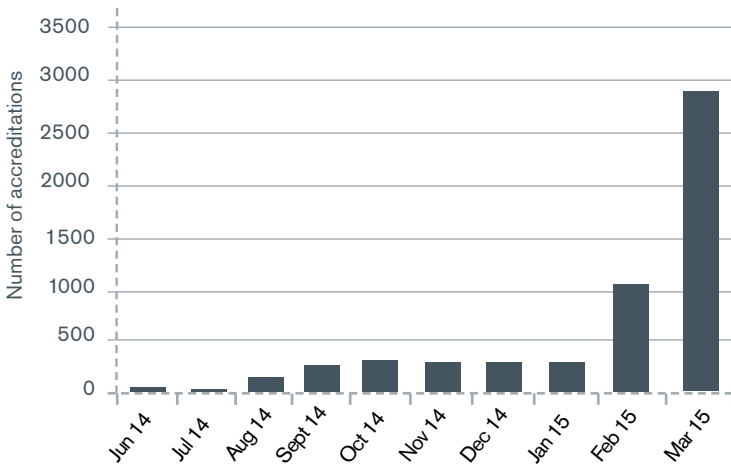


- Biomass
- Air Source Heat Pump
- Solar thermal
- Ground Source Heat Pump

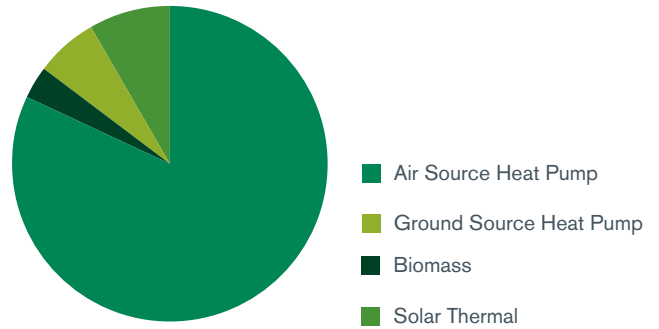
Registered Social Landlords

Registered Social Landlords (RSLs) are also eligible to apply for the Domestic RHI. The surge in accreditations in February and March 2015 was due to the removal of the Green Deal required for RSLs.

No. of RSL accreditations



Split by technology

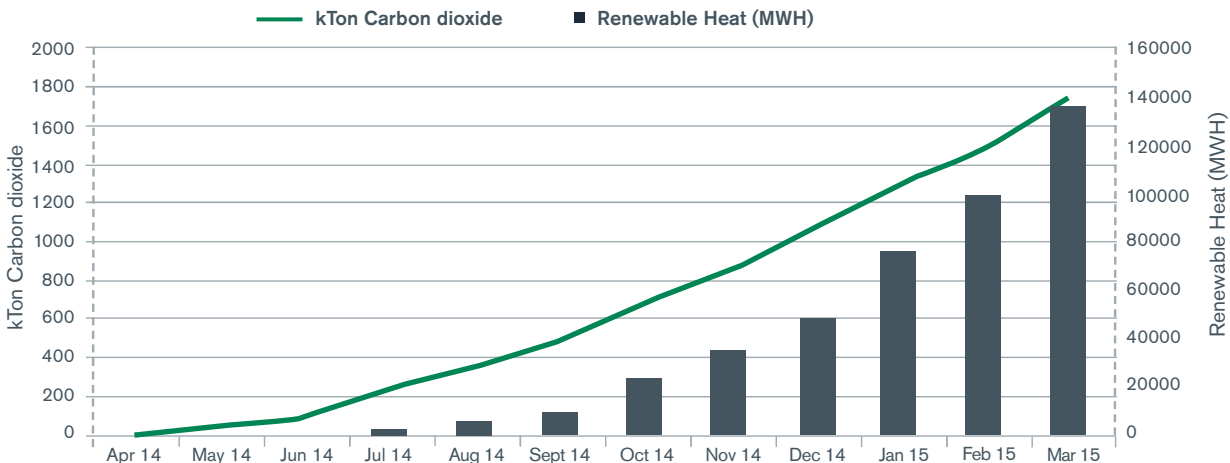


In total we accredited
5,670
 Registered Social Landlord applications
 = 18% of all accreditations

Lifetime CO₂ saving and renewable heat generated (cumulative)

To calculate the amount of 'carbon saved' by the scheme, we first calculated the amount of carbon which would have been emitted if the fossil fuel systems replaced by renewable heating technologies had been left in place. We then subtracted any emissions from the newly installed renewable heating system, including emissions from the electrical input used by ASHPs and GSHPs. These calculations were based on a 20 year lifespan for the technologies.

We calculate heat generated based on the payments made and therefore data is only shown from July 2014 onwards.



Our administration

Calls:

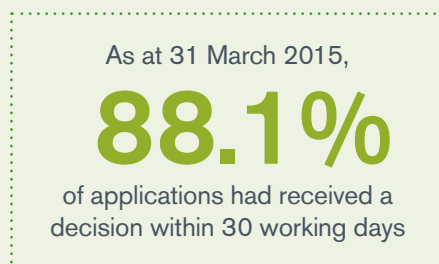


Net Promoter Score (NPS):

Net Promoter Score is based on the question “How likely are you to recommend the Domestic RHI to a colleague or friend?” Customers respond on a 0-10 scale, where 0 is not at all likely and 10 is extremely likely. The respondents are then grouped into three categories:



Making decision:



If you have any questions about the content of this report, please let us know by emailing Survey.DomesticRHI@ofgem.gov.uk

