

# Domestic Renewable Heat Incentive Annual Report

[www.ofgem.gov.uk](http://www.ofgem.gov.uk)

July 2016



The Domestic Renewable Heat Incentive (RHI) opened for applications on 9 April 2014. It's for customers across England, Scotland and Wales who install eligible renewable heating technologies in their homes. This report details the activity for the second year of the Domestic RHI scheme, covering 1 April 2015 to 31 March 2016.

## Background

The Department of Energy and Climate Change (DECC)\* launched the Domestic RHI with the intent to bridge the gap between the cost of fossil fuel heating sources and renewable heating alternatives by introducing 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. The team at Ofgem E-Serve has continued to work closely with DECC to ensure the scheme is being delivered as envisaged, and on implementing changes to the regulations to increase efficiency.

In the second year of the scheme, a great deal of the team's attention was focused on processing the large number of applications that came through in a short period of time. This was as a result of the 'legacy' deadline – in which 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 until 8 April 2015. Additional large numbers of applications were made as a result of degressions. A 'degression' occurs when spending reaches a certain level for any of the four technologies and DECC lowers the tariff for that technology from the start of the next quarter, to keep the scheme within budget. The combination of a degression on biomass technologies and the scheme closing to legacy applications, both at the end of March 2015, caused a significant spike in applications. Further biomass tariff degressions in July and October 2015, and January 2016 also caused increased volumes in the month prior to their implementation.

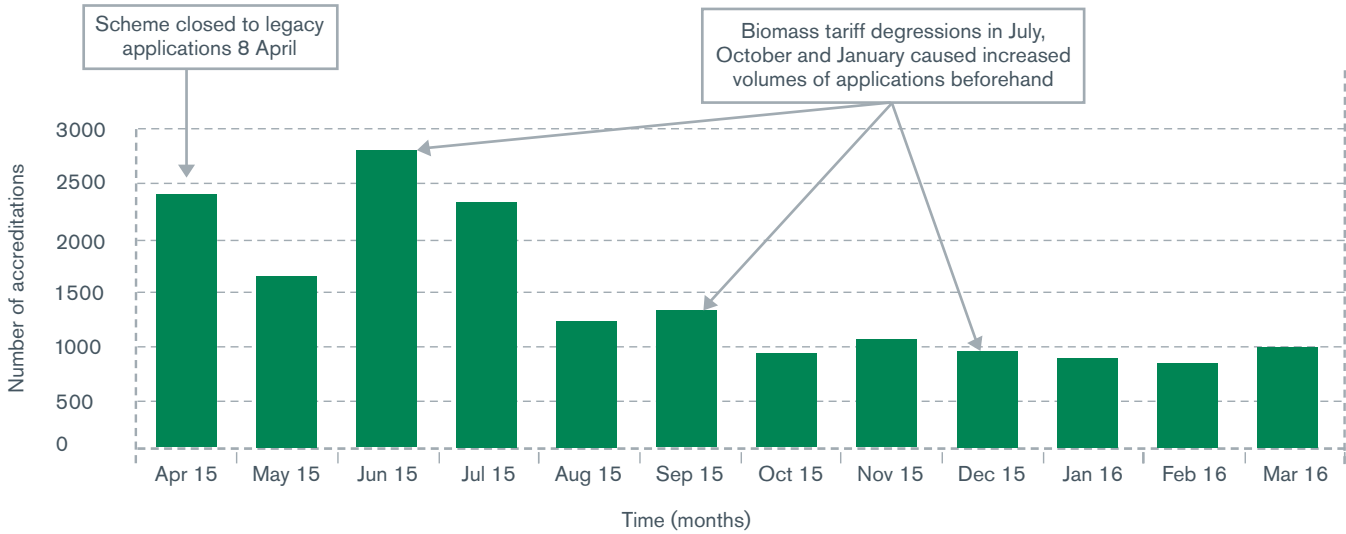
Other key milestones throughout the year included: changes to the Microgeneration Certification Scheme (MCS) standards to introduce the Energy-related Products (ErP) compliance requirements in September 2015 and March 2016, and changes to the biomass sustainability rules introduced in early October 2015. Both milestones required strategic communications in the lead up to their introduction, and compliance checks once they were in place.

In March 2016 DECC announced a number of changes to the scheme regulations. The changes included: removing the requirement that applicants obtain a Green Deal Advice Report certificate, exempting eligible new-build properties from requiring metering if the property has been occupied for less than 183 days in the 12 months prior to application, and extending the budget allocation and degression triggers to allow for the scheme to continue. These changes were approved by Parliament and came into force on 25 March 2016.

All of these significant dates contributed to the 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.

These changes and milestones throughout the year required significant communication with scheme participants and potential participants. Ofgem E-Serve continued to work closely with DECC to create awareness and understanding of the scheme and the application process. This included engaging with stakeholders at forums, events and conferences all around the UK. This was further supported by the E-Serve team's audit and compliance work, which assists in ensuring ongoing compliance to the scheme rules.

## Number of accreditations

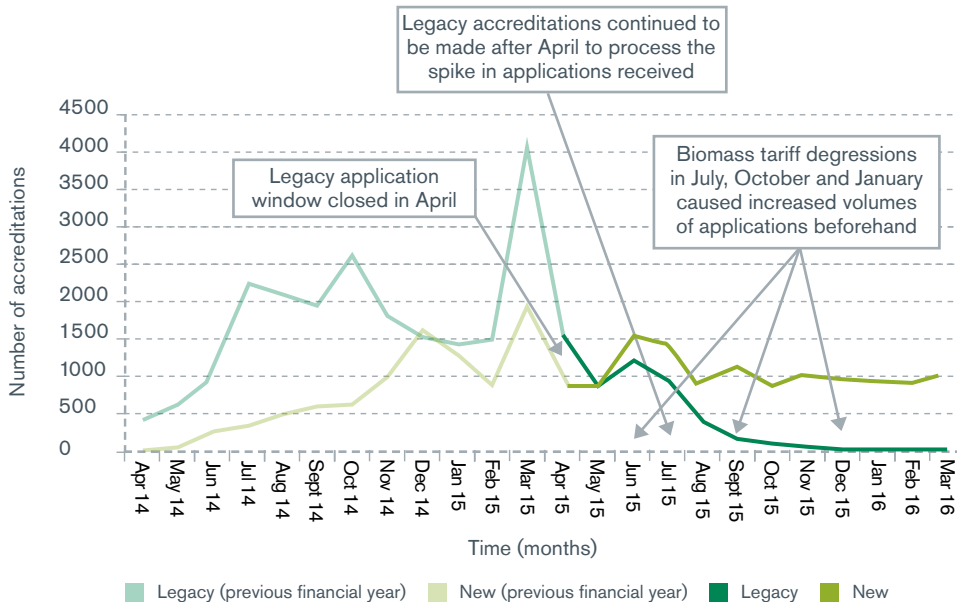


We made **17,612** accreditations in the second year of the scheme

In total we have made **47,658** accreditations in Years 1 and 2 of the scheme

The key milestones for the second year of the scheme are highlighted in the graph above. The spike in April is largely a result of the scheme closing to legacy applicants on 8 April 2015. The spikes in June, September and Nov-Dec of 2015 are likely due to depressions on biomass tariffs that came into effect July 2015, October 2015 and January 2016.

## Legacy vs 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. The legacy application window was closed on 8 April 2015, which caused a surge in legacy applications in the weeks immediately prior to this. These applications were processed and accredited over the months that followed. Additionally, biomass tariff depressions in July, October and January saw increased volumes in applications.

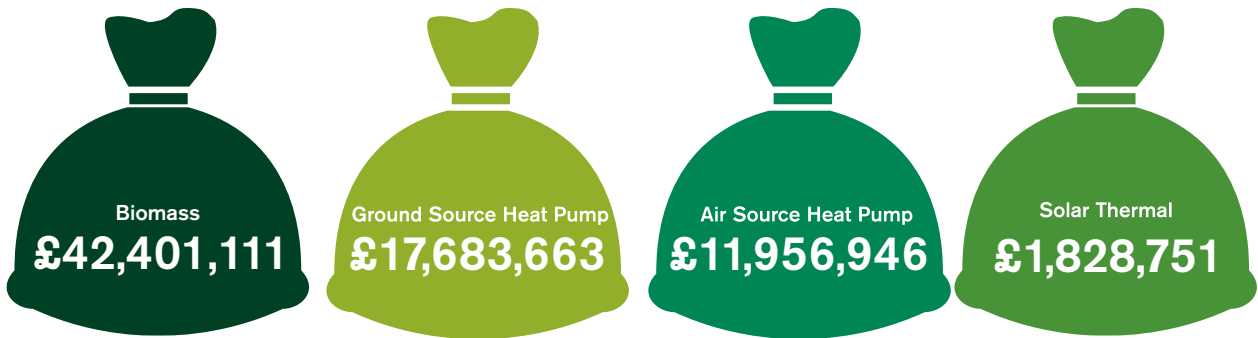
In Year 2 we made **5,505** legacy accreditations

In Year 2 we made **12,107** new accreditations

In total we have made **26,618** legacy accreditations

In total we have made **21,040** new accreditations

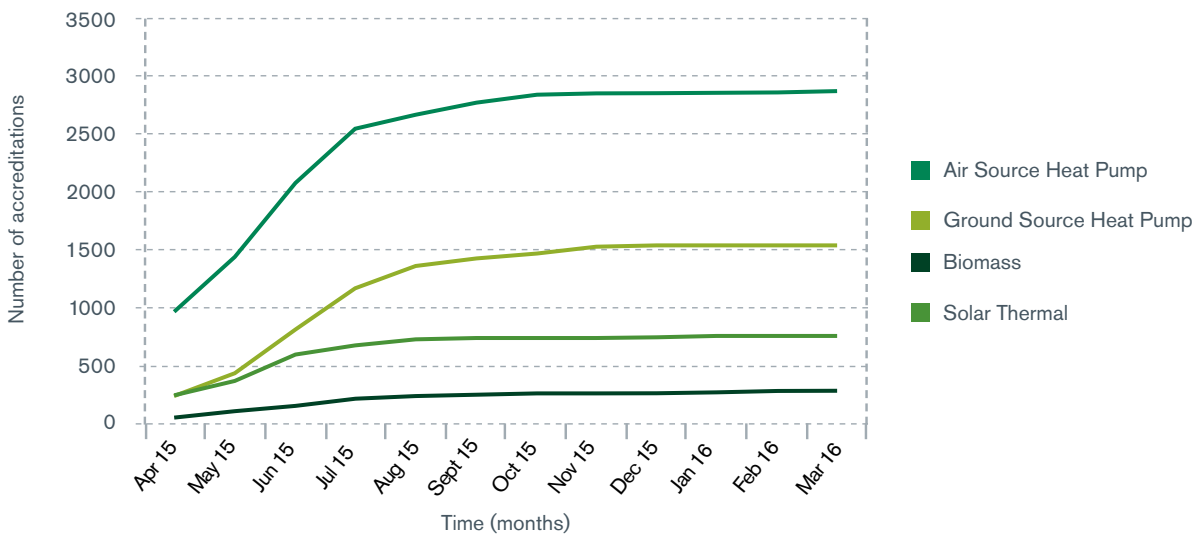
## Payments made to accredited customers (in financial year 2015-16)



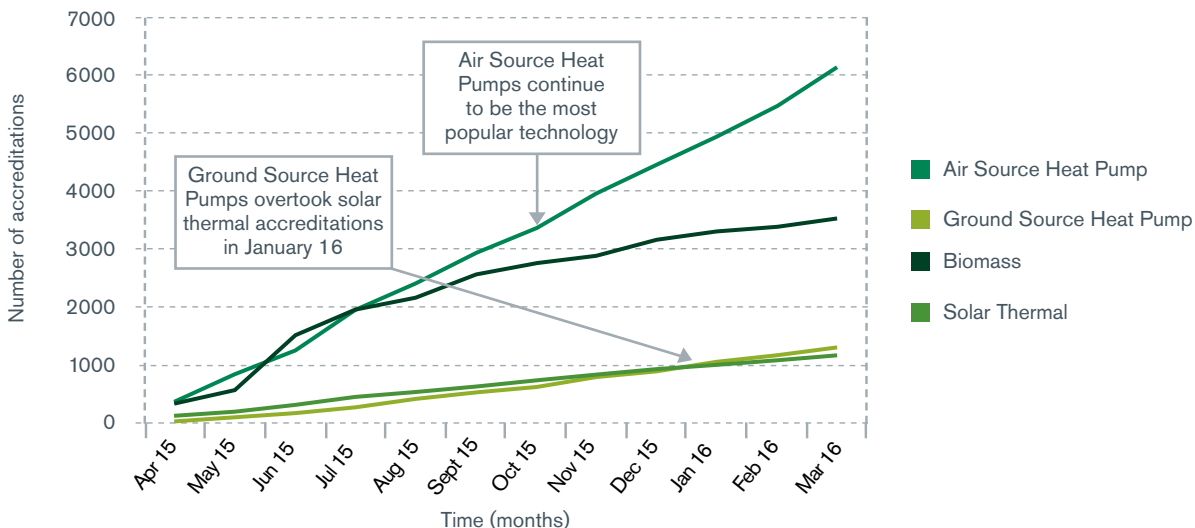
## Accreditations by technology (cumulative over this financial year)

The graphs below show the number of accreditations made by technology type. Air Source Heat Pumps continue to be the most popular choice in technology, while biomass tariff degenerations in the previous financial year, as well as at multiple points throughout 2015-16, saw accreditations for this technology level out. Ground Source Heat Pump accreditations overtook Solar Thermal accreditations in January 2016.

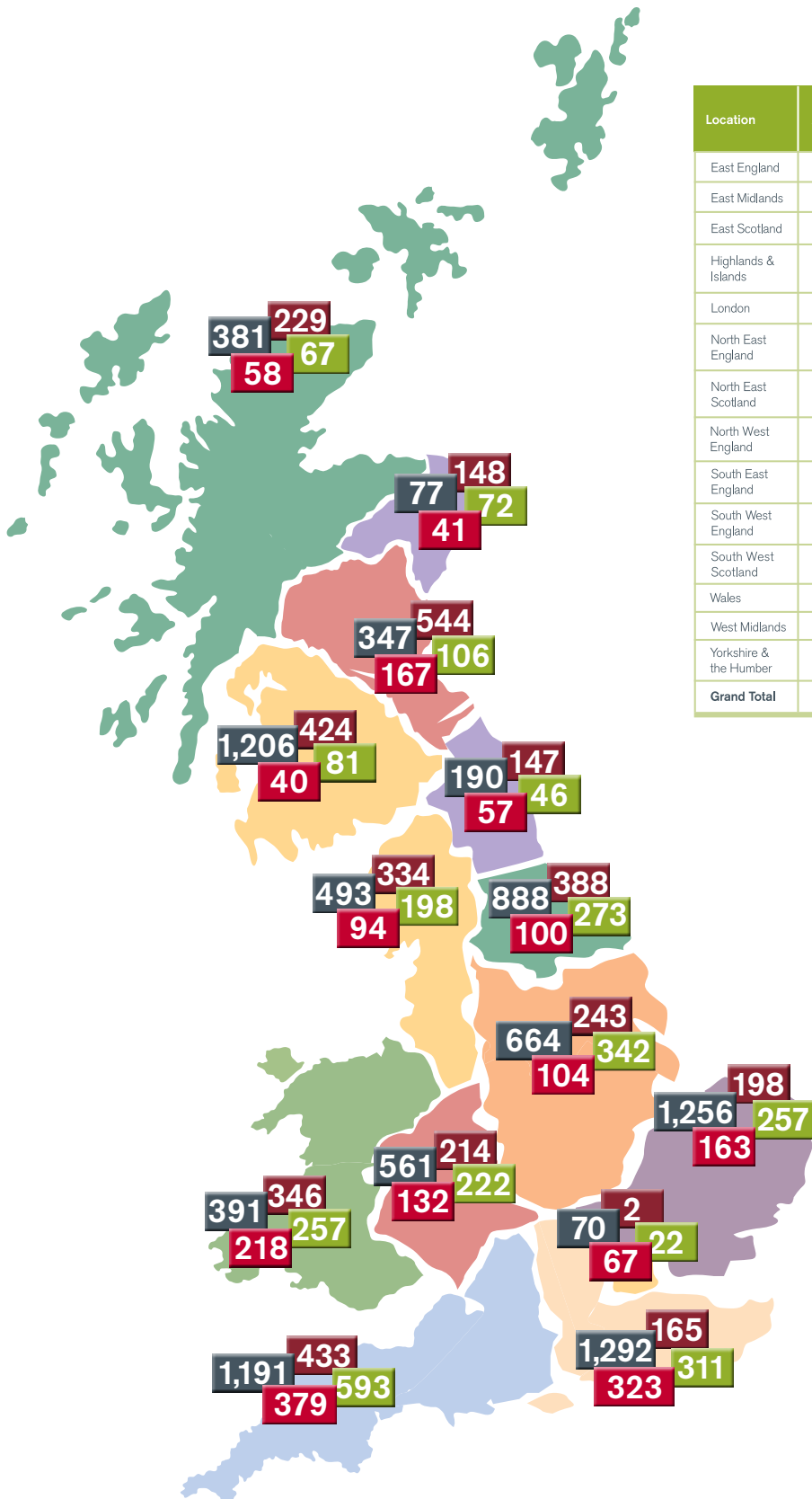
### Legacy accreditations (cumulative)



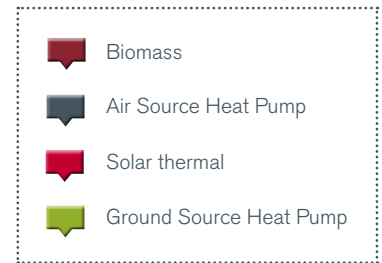
### New accreditations (cumulative)



# Geographic distribution of accredited installations this year



Location	ASHP	Biomass	GSHP	Solar Thermal	% increase in total accreds in Year 2	% difference in accreds, Y2 compared to Y1	Grand Total
East England	1,256	198	257	163	54	-46	1,874
East Midlands	664	243	342	104	55	-45	1,353
East Scotland	347	544	106	167	74	-26	1,164
Highlands & Islands	381	229	67	58	50	-50	735
London	70	2	22	67	67	-33	161
North East England	190	147	46	57	43	-57	440
North East Scotland	77	148	72	41	64	-36	338
North West England	493	334	198	94	61	-39	1,119
South East England	1,292	165	311	323	55	-45	2,091
South West England	1,191	433	593	379	51	-49	2,596
South West Scotland	1,206	424	81	40	82	-18	1,751
Wales	391	346	257	218	58	-42	1,212
West Midlands	561	214	222	132	63	-37	1,129
Yorkshire & the Humber	888	388	273	100	66	-34	1,649
<b>Grand Total</b>	<b>9,007</b>	<b>3,815</b>	<b>2,847</b>	<b>1,943</b>	<b>59</b>	<b>-41</b>	<b>17,612</b>

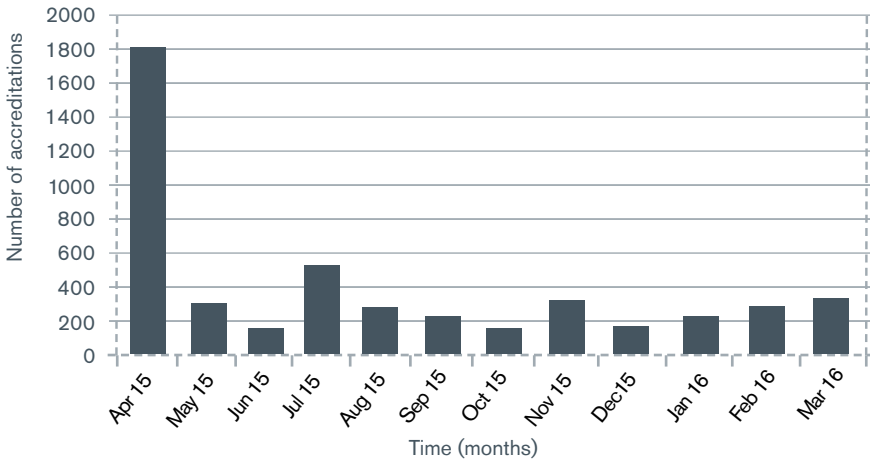


The difference in accreditations from Year 1 to Year 2 could be due to legacy applications primarily being accredited in the first year of the scheme. In Year 1, 'legacy accreditations' made up 70% of all accreditations – therefore that year included a considerable number of accreditations for systems commissioned and installed over a period of four years (between 15 July 2009 and 9 April 2014, the 'legacy' period). In Year 2, only 22% of accreditations were 'legacy accreditations' – therefore a greater proportion of accreditations in that year were for installations less than a year old.

## Registered Social Landlords

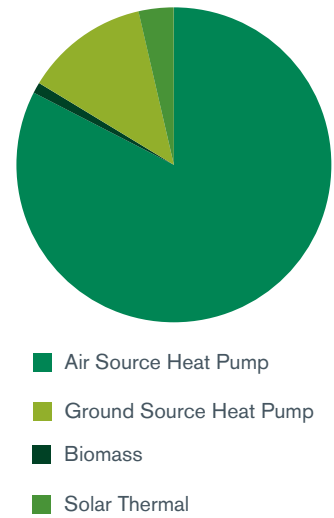
Registered Social Landlords (RSLs) are also eligible to apply for the Domestic RHI. The legacy application deadline in April 2015 saw a surge in applications, which were processed over the following months. Air Source Heat Pumps continue to be the favoured technology for RSLs.

**No. of RSL accreditations**



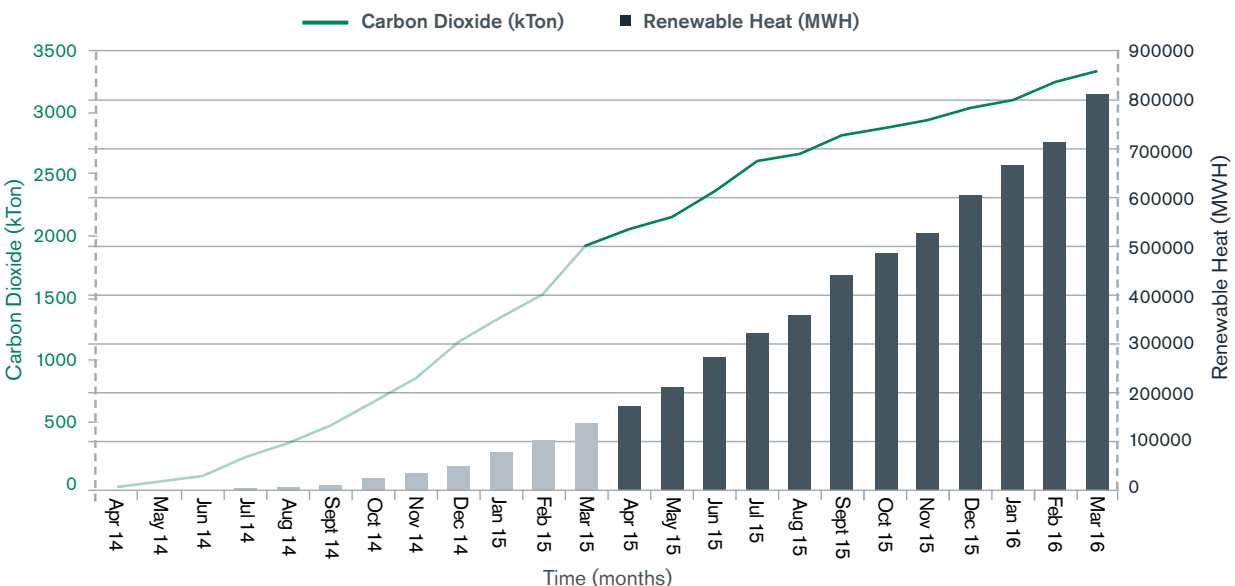
This year we have accredited  
**4,905**  
 Registered Social Landlord applications  
 = 28% of all accreditations

**Split by technology for Year 2 Applications**



## Lifetime CO<sub>2</sub> 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 by ASHPs and GSHPs. These calculations were based on a 20 year lifespan for the technologies.



## Our administration

### Calls:

On average,  
we answer  
calls within  
**19**  
seconds

**85.2%**  
of calls were  
answered within  
**20**  
seconds

We received  
**14,470**  
phone calls in total

### Net Promoter Score (NPS) and customer engagement:

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:



NPS = percentage of Promoters - percentage of Detractors

Our Net Promoter Score (NPS) for the second year of the scheme was

**+46.85**

Our NPS for the first half of the year was

**+44.33**

Our NPS for the 2nd half of the year was

**+49.36**

The significant spike in applications due to the combination of the legacy deadline and biomass tariff degeneration meant decision-making on applications in the first half of the year was not as quick as we would usually hope, and this was reflected in a decreased NPS score.

The second half of the year saw this turn around, with much-improved decision-making timelines and a strong positive trend in our NPS for this period.

### Our customers have said:

"Every one we have been in contact with has been very helpful"

"Surprised and pleased to get an instant response on website"

"The phone call I made when I had problems (Safari browser based) was answered very quickly and your team member was helpful and well informed"

"Very efficient overall with minimum fuss"

### Working to timescales:

As at 31 March 2016

**68.3%**

of applications had received a decision within 30 working days

**97.8%**

of payments were made within 5 working days of the date due

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

