

Domestic Renewable Heat Incentive Annual Report

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July 2017



The Domestic Renewable Heat Incentive (RHI) opened for applications on 9 April 2014. The scheme is for people across England, Scotland and Wales who install eligible renewable heating systems in their homes. This report details the activity for the third year of the Domestic RHI scheme, which covers 1 April 2016 to 31 March 2017.

Background

The Department of Energy and Climate Change (DECC), now part of the Department for Business, Energy and Industrial Strategy (BEIS), launched the Domestic Renewable Heat Incentive (RHI) scheme in April 2014. The intent was to bridge the gap between the cost of fossil fuel heating sources and renewable heating alternatives through providing 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. Ofgem E-Serve continued to work closely with BEIS to implement changes to the regulations, improve efficiency and ensure the scheme is delivered effectively. Our audit and compliance activity supports this aim and helps protect the public purse by ensuring ongoing compliance with the scheme rules.

Year in review

The Domestic RHI reached a major milestone in July 2016 when we accredited the 50,000th installation under the scheme. We reached another key milestone in October 2016, when the Institute of Customer Service (ICS) awarded the Domestic RHI with a 'ServiceMark' accreditation that recognised our commitment to providing high quality customer service.

This year we also focused on improving the scheme by listening to feedback from our customers and stakeholders. We reviewed and took action on a number of suggestions, continually making changes to improve customers' experience of the scheme. We also engaged with industry stakeholders, consumer bodies and potential applicants by hosting forums and attending a series of roadshows across the country, from Edinburgh to Somerset.

In October 2016 we were proud to launch our first 'Valuing Opinions, Improving Customer Experience (VOICE)' event, which took place at The Crystal, a sustainable venue in London Docklands. We met with our customers to listen

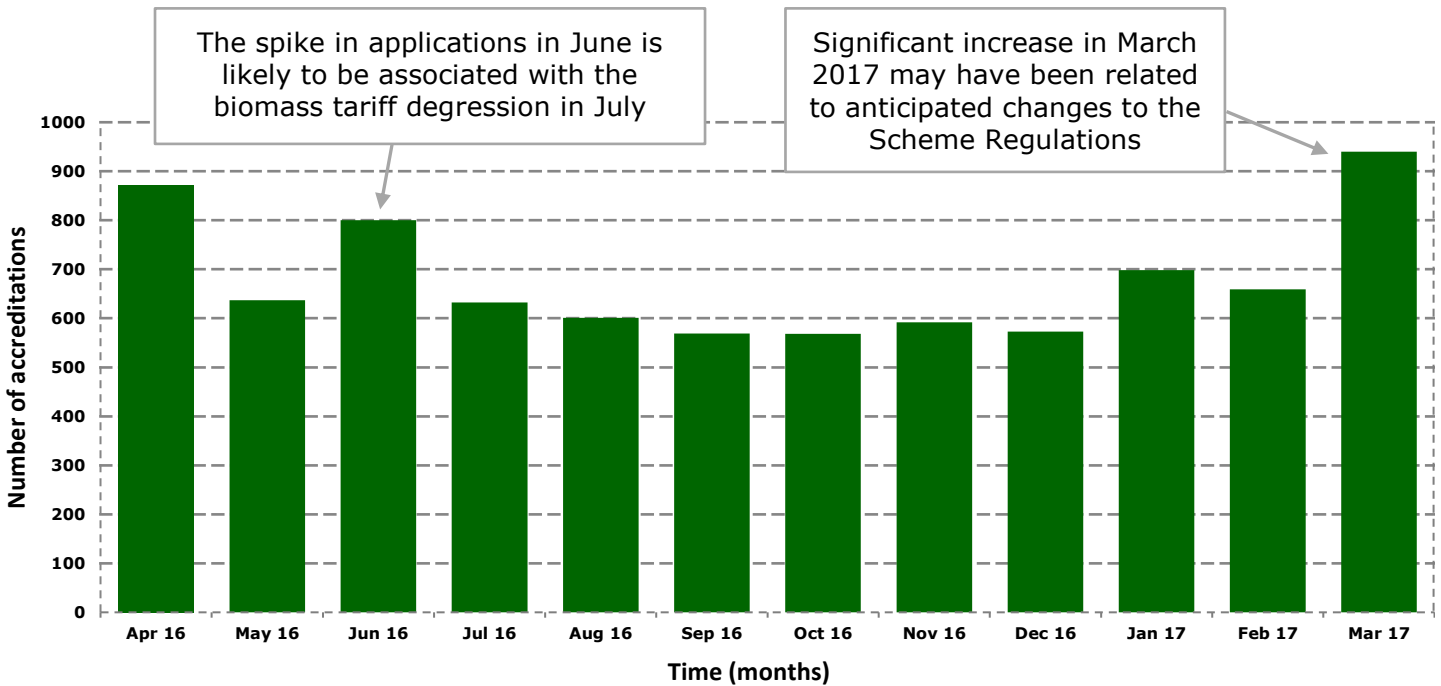
to and learn from their experience of the scheme and what they felt we could do better. Building on this success, we held our second VOICE event at the Centre for Alternative Technology (CAT) in Machynlleth in Wales in March 2017.

BEIS announced reforms to the RHI scheme regulations in December 2016 through its consultation response entitled '[The Renewable Heat Incentive: A reformed and refocused scheme](#)'. These reforms were expected to come into force in spring 2017 but the parliamentary process was delayed due to the UK general election. BEIS will be providing an update on the progress of these reforms in due course.

The Domestic RHI tariffs are set by BEIS and, to keep the scheme within budget, every quarter they review spending on the scheme and compare it to their forecasts. If spending reaches a certain level for any of the four technologies, the tariff for that technology will decrease from the start of the next quarter. This is known as a depression. In 2016/17 there was a 10% depression to the biomass tariff on 1 July 2016 and a further 10% depression to the biomass tariff on 1 January 2017.

All of these significant dates contributed to the peaks and troughs in the number of Domestic RHI applications. These patterns are reflected in the data outlined in this report.

Number of accreditations

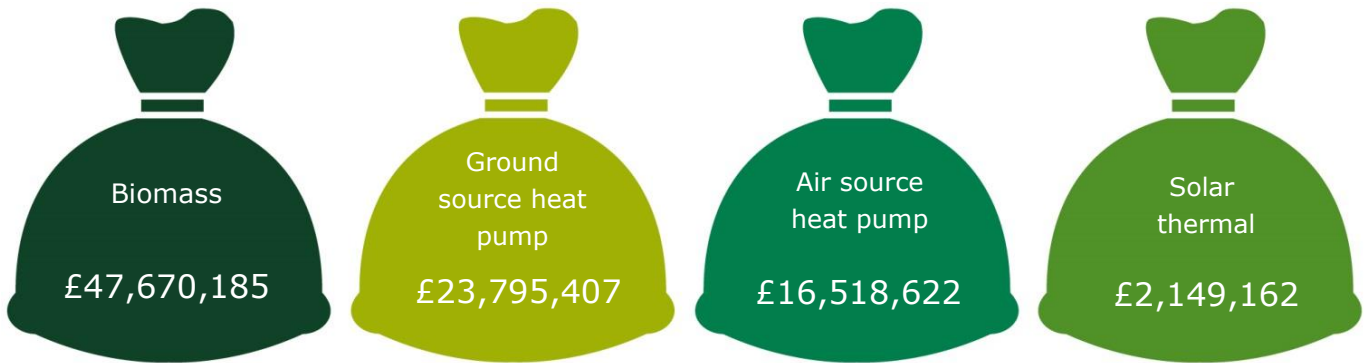


8,141
accreditations in the third year of the scheme

54,796
accreditations in total since scheme launch

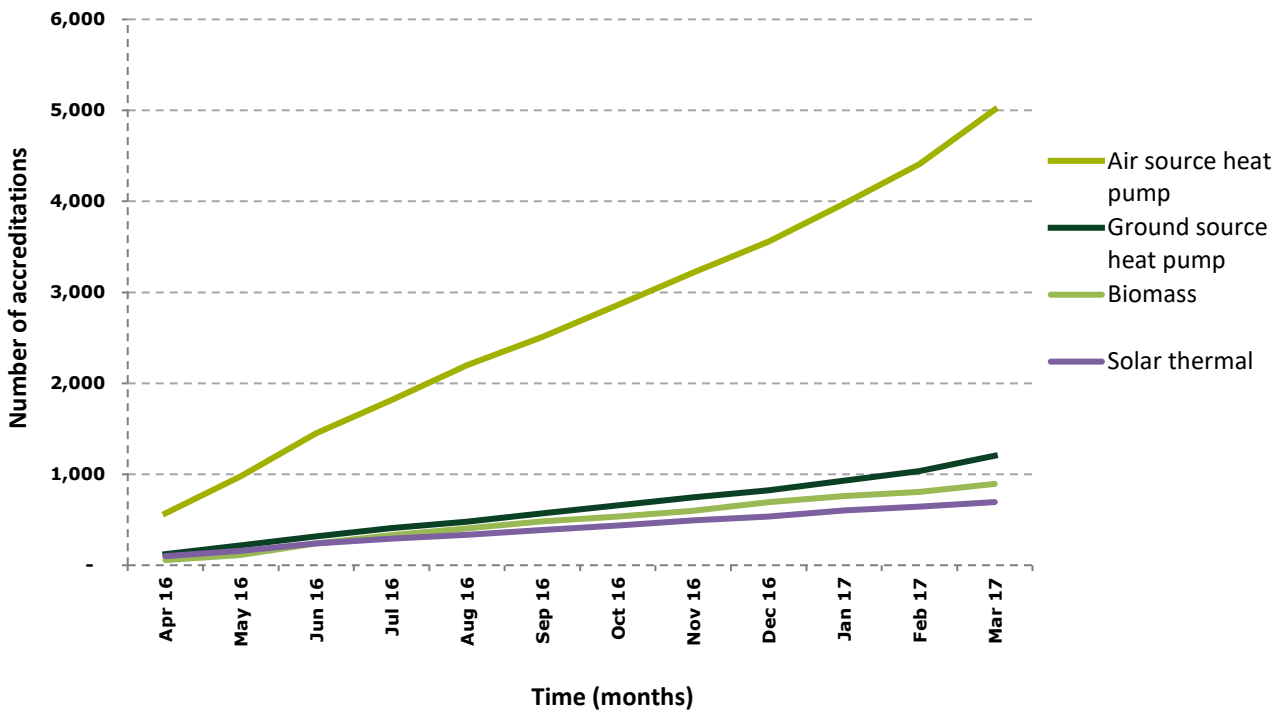
Before the 10% biomass depression in July 2016, there was a spike in accreditations in June 2016. The number then remained relatively steady between September 2016 and February 2017, with a slight increase from December 2016 onwards. A more significant increase was seen in March 2017, which may have been related to anticipated regulatory changes to the scheme.

Payments made to accredited customers (in financial year 2016-17)

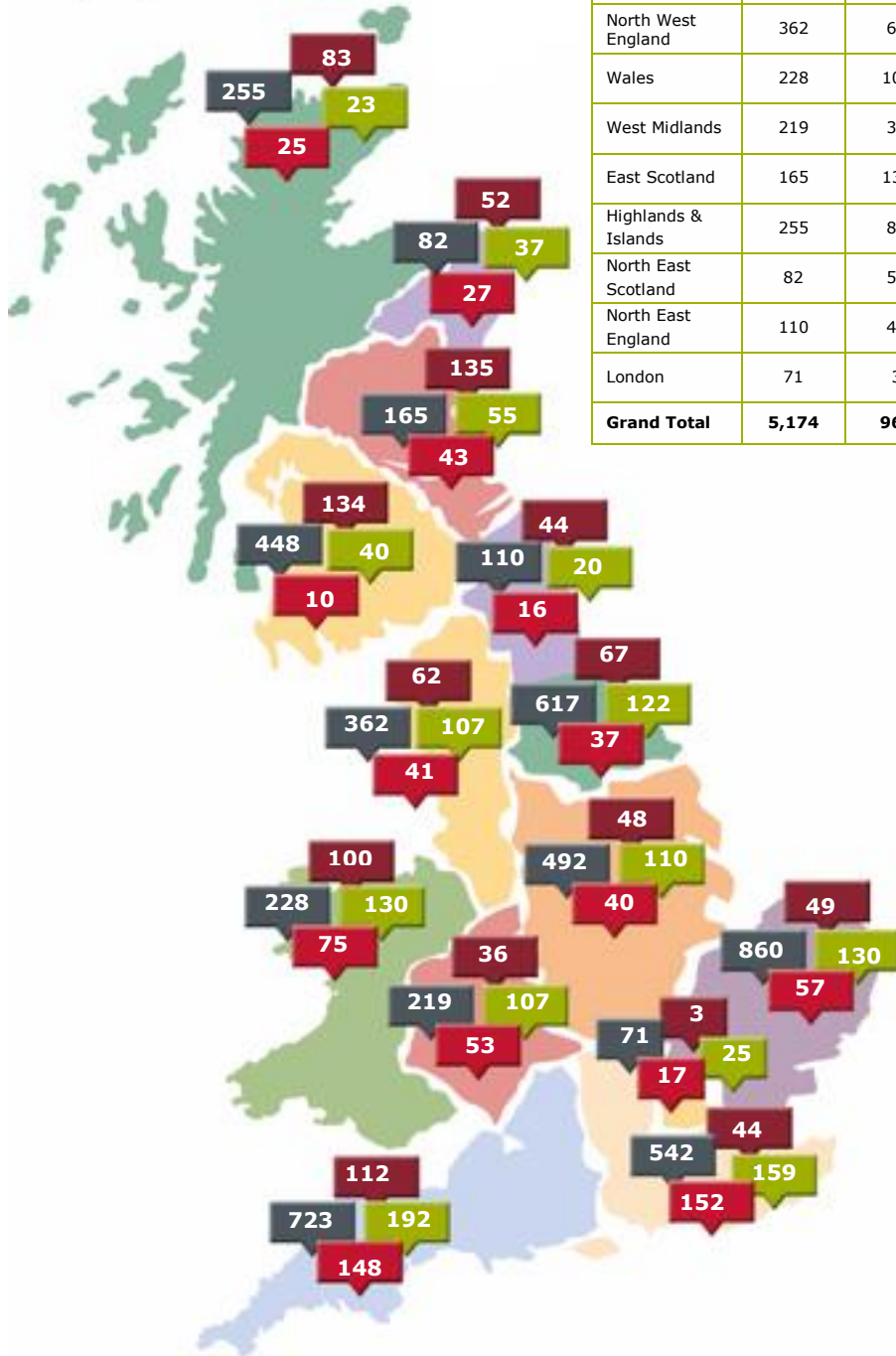


Accreditations by technology (cumulative over this financial year)

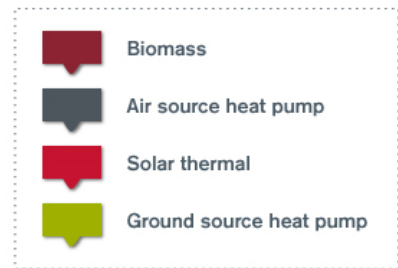
The graph below shows the number of accreditations made by technology type. Air source heat pumps continue to be the most popular choice in technology, followed by ground source heat pumps. Meanwhile biomass accreditations overtook solar thermal in July 2016.



Geographic distribution of accredited installations this year



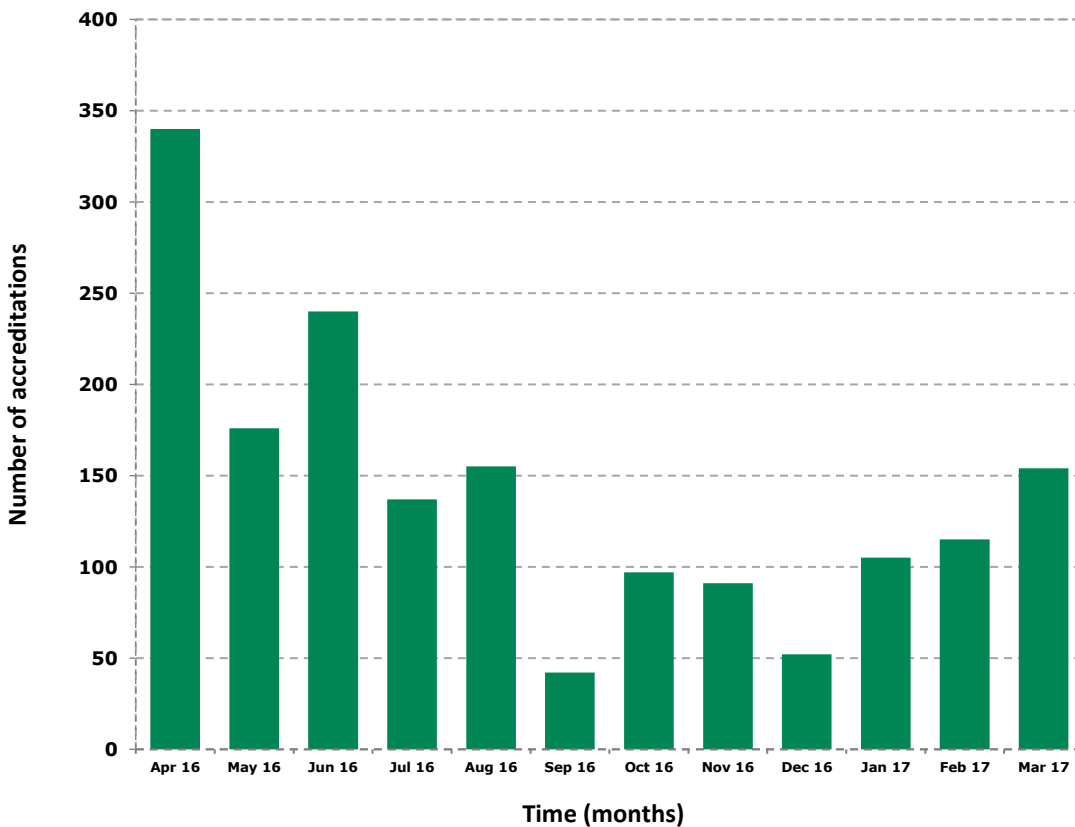
Location	Air source heat pump	Biomass	Ground source heat pump	Solar Thermal	% Increase of total accreds in year 3	% Change in accreds, Y2 to Y3	Grand Total
South West England	723	112	192	148	15.7	-53.87	1,175
East England	860	49	130	57	20.9	-40.60	1,096
South East England	542	44	159	152	15.6	-56.27	897
Yorkshire & the Humber	617	67	122	37	20.7	-48.19	843
East Midlands	492	48	110	40	19.4	-46.72	690
South West Scotland	448	134	40	10	16.6	-63.38	632
North West England	362	62	107	41	19.6	-48.38	572
Wales	228	100	130	75	16.4	-55.40	533
West Midlands	219	36	107	53	14.4	-62.58	415
East Scotland	165	135	55	43	14.8	-65.27	398
Highlands & Islands	255	83	23	25	17.8	-46.91	386
North East Scotland	82	52	37	27	23.3	-40.54	198
North East England	110	44	20	16	13.4	-56.42	190
London	71	3	25	17	21.4	-40.51	116
Grand Total	5,174	969	1,257	741	17.4	-53.05	8,141



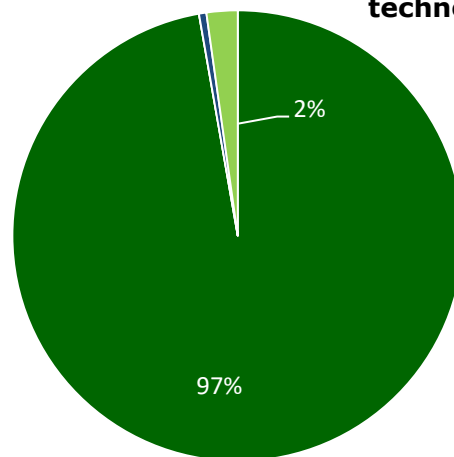
Registered Social Landlords

Registered Social Landlords (RSLs) are also eligible to apply for the Domestic RHI. In total 12,890 accreditations have been made to RSLs, 52% (6,703) of which relate to 'legacy' installations (installations that were commissioned between 15 July 2009 and 9 April 2014 – before scheme launch – and applied before the legacy application deadline of 8 April 2015). Air source heat pumps continue to be the preferred technology among RSLs.

Number of RSL accreditations



Percentage of RSL applications by technology type



1,704

RSL accreditations in the third year of the scheme

21%

of all accreditations are RSL applications

- Air source heat pump 97%
- Biomass 0.5%
- Ground source heat pump 0%
- Solar Thermal 2%

Our administration (in financial year 2016-17)



On average, callers were put through to the right person within

18

seconds

86.6%

of calls were answered within

10

seconds

18,265

Phone calls were received in total

The customer satisfaction score for our application process was

77.5%

83.9%

of applications received a decision within 30 working days

484

applications to transfer an accreditation to a new heating system owner were processed

98.2%

of payments were made within five working days of their due date

Our customers have said:

"The customer service level and assistance was great - they were fast and helped me through the questions that I was stuck on even if I had read the documents provided. Very straight forward process and I was always kept informed."

"The whole process was much easier than I was expecting. I think your help documents really did live up to their name. I had been able to think and prepare each answer before I started this made it all really easy. Thank you very much."

"Great website, very easy account setup, easy to look at stage of application, easy to email you with further info before you asked for it."

"The correspondence via email was excellent, kept me well informed and extremely helpful by answering my questions making the whole process simply. I appreciated the help and advice provided."

"The application process was simple and quick. I like the fact that once completed I was informed straight away that my application was successful."