

Non-Domestic Renewable Heat Incentive

www.ofgem.gov.uk/ndrhi

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Non-Tariff Guarantee Extension Applications

Overview

This guidance document sets out Ofgem's procedures for administering the extension applications that are available for non-tariff guarantee eligible installations. The guidance is based on the amendment regulations for the Renewable Heat Incentive Regulations 2018 (as amended) laid on 25 January 2021. The relevant amendment regulations came into force on 1 March 2021.

It is not intended to be a definitive legal guide and, as a working document, it may be updated from time to time. Separate guidance on the closures is available at [NDRHI Closure](#).

Associated documents

Readers should be aware of the following documents which support this publication:

Legislation

All legislation can be found at www.legislation.gov.uk:

- [The Domestic Renewable Heat Incentive Scheme and Renewable Heat Incentive Scheme \(Amendment\) Regulations 2021](#)
- [The Renewable Heat Incentive Scheme Regulations 2018 \(as amended\)](#)

Guidance

All documents are available at: <https://www.ofgem.gov.uk/environmental-programmes/non-domestic-rhi/>

- [Guidance Volume 1: Eligibility and how to apply](#)
- [Guidance Volume 2: Ongoing obligations and payments](#)

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1. Introduction

- 1.1. On 11 March 2020 the government confirmed that it would close The Non-Domestic Renewable Heat Incentive Scheme (NDRHI) in Great Britain to new applicants at the end of midnight on 31 March 2021.
- 1.2. However, due to unprecedented challenges created by the coronavirus (Covid-19) pandemic during 2020, the government will allow¹ certain Non-Tariff Guarantee eligible NDRHI projects which risk missing the NDRHI scheme closure deadline on 31 March 2021 to make an extension application granting extra time to seek accreditation.
- 1.3. Properly made extension applications will need to provide information specified by the scheme Regulations, to evidence that significant capital, or significant human or material resource has been invested in project development on or before 17 August 2020. Full details are outlined in sections 5 and 6 below.
- 1.4. Extension applications, including all required information and evidence, must be submitted on or after 1 March 2021 and before midnight at the end of 31 March 2021.
- 1.5. If a properly made extension application meets the regulatory requirements and is approved by Ofgem, applicants will then have until 31 March 2022, in which to commission their plant and submit a properly made full application for accreditation.

What is the RHI?

- 1.6. The Renewable Heat Incentive (RHI) is a world-first government financial incentive scheme designed to increase the uptake of renewable heat technologies and reduce carbon emissions.
- 1.7. The Secretary of State for Energy and Climate Change used powers contained in the Energy Act 2008 ('the Act') to introduce the RHI in Great Britain. The Renewable Heat Incentive Scheme Regulations 2011 came into force on 28 November 2011. The Department for Business, Energy and Industrial Strategy (BEIS) is responsible for

¹ <https://www.gov.uk/government/publications/changes-to-the-renewable-heat-incentive-rhi-schemes/changes-to-ndrhi-tariff-guarantee-and-covid-extension-application-budget-caps>

developing the underlying RHI policy including setting tariffs, establishing the legislative framework, and introducing any future changes to the scheme elements.

1.8. A range of renewable heat technologies is supported under the RHI. These include:

- solid biomass, including when contained in waste (including CHP)
- ground and water source heat pumps
- air to water heat pumps
- geothermal (including CHP)
- solar thermal (at capacities of less than 200 kWth)
- biogas combustion (except from landfill gas but including CHP)
- biomethane injection

1.9. Payments are made on a quarterly basis over a 20-year period to the owner of the RHI installation or the producer of biomethane.

What is Ofgem's Role?

1.10. Ofgem administers the scheme and day-to-day functions on behalf of the Gas and Electricity Markets Authority (the Authority). We do this according to the scheme Regulations (The Renewable Heat Incentive Scheme Regulations 2018 (as amended)).

1.11. The Regulations detail our key functions with respect to the RHI. These include:

- accreditation of installations and registration of producers of biomethane which meet the eligibility criteria, including verifying identity, bank details and ownership of an installation
- publishing guidance for participants and prospective participants to understand how to apply and how to comply with the conditions of the RHI
- making payments on a quarterly basis to participants for their eligible heat output (kWth) or biomethane produced

- monitoring and enforcing compliance with the initial eligibility and ongoing requirements of the RHI as outlined in the Regulations
- undertaking inspections to ensure participants' ongoing obligations under the RHI are being complied with
- reporting to the Secretary of State on the progress of the RHI on a monthly, quarterly, and annual basis
- providing a review procedure that allows prospective, current, and former participants to challenge our decisions in relation to the administration of the RHI if they believe our decisions are incorrect.

1.12. We will carry out these functions as efficiently and effectively as possible and cannot act beyond the scope of the powers as laid down in the Regulations.

Scope of this Guidance

1.13. We are responsible for publishing procedural guidance on the administration of the RHI. This guidance does not claim to anticipate every scenario which may arise. Where a scenario arises that is not addressed in this guidance, we will adopt an approach which we consider to be consistent with the relevant legislation. Any additional guidance we publish will be available on our website.

1.14. This guidance is not intended to provide comprehensive legal advice on how the Regulations should be interpreted or itself to have legal effect. At all times, the onus is on the owner of an installation to ensure that they are aware of the requirements of the Regulations.

Queries

1.15. Any queries relating to the scheme operation or applicant eligibility should be emailed to rhi.enquiry@ofgem.gov.uk with the nature of the query clearly marked. If you are an existing participant, please note in the query that you are a participant and your installation number. Written queries should be sent to the address on the front of this guidance, clearly marked for the attention of the RHI operational team. For telephone enquiries, the team can be contacted on 0300 003 2289. The phone line is open Monday to Friday, except public holidays. Please check the Ofgem RHI website for the opening hours of the phone line.

Where to find more information

More information on the NDRHI eligibility and how to apply can be found [here](#).

Information on ongoing obligations for installations can be found [here](#)

Contact

Help is at hand if you need it. Our enquiries staff are experts on the RHI and can help advise you. **Telephone: 0300 003 2289** **Email: rhi.enquiry@ofgem.gov.uk**

2. Eligible Installations

- 2.1. Only plants which are not eligible for Tariff Guarantees (TGs), and are not expected to commission before scheme closure and can demonstrate that significant capital, or significant human or material resource has been invested into project development on or before 17 August 2020, are eligible to make an extension application.
- 2.2. Applicants must also meet all the usual NDRHI scheme eligibility requirements when a full application for accreditation is made. Please see [Guidance Volume 1: Eligibility and how to apply](#) for further information.

3. Excluded Installations

3.1. The following technologies, which are eligible for Tariff Guarantees, therefore do not qualify for an extension application:

- Solid biomass CHP, geothermal and biomethane applications of all sizes
- Biomass greater than or equal to 1MWth
- Biogas greater than or equal to 600kWth
- Ground source and water source heat pumps (including Shared Ground Loops, (SGLs)) greater than or equal to 100kWth

3.2. Extension applications may not be made in respect of a plant which is additional RHI capacity.

4. How to apply

- 4.1. Extension applications must be made through the NDRHI Register², via the Accreditation section, and by selecting the 'Apply for Accreditation' option, from the subsection menu.
- 4.2. After answering the initial questions, applicants will then be able to apply for an extension at question 'HC 120'. Sections 5 and 6 below detail the information and evidence that will need to be provided as part of the application for it to be considered a properly made extension application.

When can I apply?

- 4.3. Extension applications, including all required information and evidence, must be submitted on or after 1 March 2021 and before midnight at the end of 31 March 2021. All extension applications should be submitted as early as possible within the relevant timescales for their application type, to allow Ofgem time to review the application and ensure it is 'properly made' as far in advance of scheme closure as possible.
- 4.4. There is limited budget for extension applications. Extension applications that meet the eligibility criteria will be allocated budget on a first come, first served basis. Once the available budget allocation for extension applications is exhausted, extension applications will enter a queue: they will only be granted if other applications previously granted an extension drop out of the process and they are the next eligible application and there is budget available to accommodate.
- 4.5. Ofgem is not required to hold any extension applications in a queue that are not 'properly made'. Where an application cannot be considered 'properly made', it may be rejected without a request being made for the missing information. This is for budget control reasons and so that all applicants have a fair opportunity to apply for an extension.

² <https://rhi.ofgem.gov.uk/>

Properly made applications

- 4.6. The Regulations clearly set out the criteria for a properly made application. Applicants should familiarise themselves with these criteria and [Ofgem's guidance](#) prior to submitting any extension application. If applicants are in any doubt as to whether they can fulfil the eligibility criteria, they should take their own independent technical or legal advice in advance of submission, as required.
- 4.7. All applicants are responsible for providing the evidence required to demonstrate that they meet the eligibility criteria via the NDRHI Register using the Ofgem [extension evidence template](#). The required information that needs to be supplied is outlined in sections 5 and 6 below. Applicants should provide the information and evidence for their extension application without being prompted for it by Ofgem. This is particularly important in a scheme closure scenario.

Incomplete and late extension applications

- 4.8. Incomplete extension applications submitted prior to scheme closure that do not meet the required eligibility criteria will be rejected. Ofgem does not have discretion in this regard.
- 4.9. In addition, late extension applications, submitted after **midnight at the end of 31 March 2021**, will not be accepted and will be rejected. Ofgem's IT system logs the exact timings of application creation, various stages of completion and submission. In the event of a late application submission, Ofgem will refer to its IT system logs to check any claimed timings and use these to make an assessment as to whether the application should be accepted.

What should I do if there are IT issues?

- 4.10. Ofgem understands the importance to applicants of the extension application route during this period. If there are any issues with the NDRHI Register that mean applicants are unable to submit their extension applications, Ofgem will provide an alternative route for applications.
- 4.11. This will involve submitting an interactive PDF version of the application form by email to 'RHI.extension@ofgem.gov.uk', the form is available [here](#). Please add the following

information to the subject title of the email: 'NDRHI Extension Application: [Installation name and postcode]'

- 4.12. Even in the event of IT issues, Ofgem will not accept one email seeking to cover extension applications for multiple plants during the period that extension applications are open, as an attempt to circumvent tight timescales for submitting multiple applications via the NDRHI Register.
- 4.13. In the event that applicants have to submit an extension application via email, the Ofgem team will support in the submission of the appropriate application via the NDRHI Register as soon as the issue is resolved.

Further information

- 4.14. Applicants may not amend an extension application. Nor can applicants make a further extension application in relation to the same plant, without first withdrawing the original extension application. Any duplicate applications will be rejected.
- 4.15. Ofgem may, in granting an extension application, attach conditions it considers appropriate.
- 4.16. Ofgem may reject an extension application and applicants will be notified as to Ofgem's reasons. Granting of an extension application does not automatically qualify an application for full accreditation.

Review Process

- 4.17. Once confirmed that an extension application is properly made and that budget is available³, Ofgem will assess the application and evidence provided to determine whether the eligibility criteria have been met.
- 4.18. If the extension application is granted, the applicant will receive confirmation by email. If the extension application is rejected, the applicant will be notified by email. We will confirm the reason(s) for the rejection.

³ Please see chapter 7 for more information

What happens once my extension application is granted?

4.19. Where an extension application is granted, applicants must commission their eligible NDRHI installation and submit a properly made accreditation application on or before midnight at the end of 31 March 2022 before accreditation may be granted.

4.20. Ofgem may reject an accreditation application if it considers:

- There has been a material change in circumstances such that, had the extension application been made after the change, it would have been rejected
- The information on which the decision to grant the extension application was based was incorrect in a material particular
- Any condition(s) attached to the extension application have not been complied with
- The plant is materially different from the plant which was proposed in the extension application. Ofgem may take into account any matters which it believes to be relevant, including but not limited to, the plant location, the installation capacity, the source of energy and technology or design of the plant. A plant is considered materially different for the purposes of the regulations where:
 - the installation capacity is at least 10% greater or smaller than the installation capacity proposed in the extension application; or
 - the installation capacity is such that a different tariff would apply

5. Information required for a properly made extension application

- 5.1. To be considered 'properly made' an extension application must contain the following information, submitted as described in section 4 above:
- (i) the plant's proposed source of energy and technology
 - (ii) the date on which the applicant expects the plant to be commissioned
 - (iii) the total heat which the applicant expects the plant to generate each year for eligible purposes
 - (iv) the expected installation capacity of the plant. In relation to heat pumps, the installation capacity should be determined based on the intended operational design conditions
 - (v) the proposed location of the plant
 - (vi) evidence as to the proposed heat use
 - (vii) the applicant's name and address
 - (viii) a declaration that the plant will be owned by the applicant, or jointly owned by the applicant and one or more other persons

6. Evidence required for a properly made extension application

- 6.1. One piece of primary evidence (see Figure 1) or two of the required pieces of secondary evidence, (either two items of Category A secondary evidence, or one item of Category A and one item of Category B secondary evidence (see section 6.6 and Figures 2 and 3)) will be considered sufficient to satisfy Ofgem that significant capital, or significant human or material resource has been invested in project development on or before 17 August 2020.
- 6.2. Ofgem must be satisfied that the evidence presented in support of an extension application is linked to the installation in question.
- 6.3. All evidence must be uploaded in PDF format (maximum file size per document of 10MB) via the upload slots in the application form, either using the Ofgem extension evidence template [here](#) or via a clearly labelled PDF in a similar format⁴.
- 6.4. If applicants wish to supply a reasonable number of additional pieces of primary evidence or secondary evidence, for their own piece of mind, then Ofgem will accept this. Please note anything supplied beyond the minimum evidence level should be relevant and proportionate to fulfilling the evidence requirements. Applicants should clearly label their additional evidence.
- 6.5. Question 'HL173 – Investment of significant capital or significant human or material resource' provides an upload slot for supporting evidence. There are additional upload slots in the application form if required. If all available upload slots in the application form have been used, further evidence can be emailed to RHI.Extension@ofgem.gov.uk. If emailing evidence, please include a copy of the Ofgem extension evidence template and the RHI number in the subject field of the email.

Primary evidence

6.6. Figure 1 shows primary evidence considered sufficient for a properly made extension application. All primary evidence must be dated on or before 17 August 2020. Where the documents being presented are usually signed (eg contracts, loan agreements) only signed versions will be accepted as suitable evidence.

Figure 1

Primary evidence	
(i)	Signed and dated contract held between two parties for the construction of the plant
(ii)	Dated evidence of funding secured for the plant, such as signed loan / funding agreements or similar
(iii)	Dated evidence that signed heat supply agreements are in place with heat consumers on a heat network
(iv)	Signed and dated fuel supply contract for the plant
(v)	Dated acceptance of an offer to connect with the local network operator
(vi)	Dated invoices for construction works relating to the plant
(vii)	Dated invoices for the purchase and installation of equipment relating to the plant
(viii)	Dated invoices for the commissioning of pre-build development work relating to the plant
(ix)	Dated approval of, or application for, planning permission from the relevant planning authority NB Evidence that planning permission has been granted or is not required is not a necessary criteria for a properly made extension application but can be used as supporting evidence where available.
(x)	Dated evidence from the relevant planning authority that planning permission is not required

Secondary evidence

6.7. In instances where primary evidence cannot be provided, secondary evidence may be considered. All evidence must be uploaded in PDF format (maximum file size per document of 10MB) via the upload slots in the application form either using the Ofgem extension evidence template [here](#) or via a clearly labelled PDF in a similar format.

6.8. Applicants must submit either:

- (i) two Category A items (see Figure 2), or
- (ii) one Category A item and one Category B item (see Figure 3)

6.9. Two items of Category B evidence will not be deemed sufficient.

6.10. All secondary evidence must be dated on or before 17 August 2020. Where the documents being presented are usually signed (eg contracts, loan agreements) only signed versions will be accepted as suitable evidence.

Figure 2

Category A items	
(i)	Dated correspondence to the relevant planning authority seeking confirmation that an installation does not require planning permission
(ii)	A dated enquiry to the local network operator about the grid connection of the plant
(iii)	Dated, detailed evidence (which can be from within the applicant’s organisation) that the applicant had allocated funding for the development of the plant
(iv)	Dated evidence that a detailed quotation / an estimated cost of works was provided to the applicant (see section 6.11 onwards, which sets out the information required as part of this evidence).

Figure 3

Category B items	
(i)	Dated feasibility studies
(ii)	Detailed, dated architectural drawings showing the location of the plant on the proposed site
(iii)	Detailed dated system schematics / technical drawings of the plant
(iv)	Dated evidence of a room-by-room heat loss assessment
(v)	Dated evidence of intended heat use

Detailed quotations and estimated cost of works

6.11. Quotations / estimated cost of works must include specific information, as detailed below. This information does not all need to be contained in a single document.

6.12. All quotations / estimated cost of works must contain:

- | |
|---|
| (i) Legal identity and address of person providing the quotation / estimated cost of works, and |
| (ii) The project name and proposed location of the plant. |

6.13. In addition, a quotation / estimated cost of works must contain at least 7 items from the list below (Figure 4) to qualify as a piece of secondary evidence.

Figure 4

(i)	Source of energy, technology and proposed installation capacity (in kWth) of the plant
(ii)	Key contract terms
(iii)	Itemised list of goods to be supplied and itemised list of costs for these goods
(iv)	Itemised list of services (including survey, design and installation) and an itemised list of costs for these services
(v)	Items and services that are not included
(vi)	Site conditions or special circumstances which may result in extra chargeable work not covered by the quote/estimate
(vii)	Timetable for supplying goods and carrying out work at the site
(viii)	Business terms, including the payment method and timetable, how long the quote will be valid for
(ix)	Completion dates for the plant
(x)	Performance estimate in line with product standards
(xi)	Explanation of VAT specific to the plant
(xii)	Carbon intensity comparisons specific to the plant
(xiii)	Illustrations of expected rates of return specific to the plant
(xiv)	Warranty statements

7. Budget control

- 7.1. The RHI has a limited budget which is set out on the Department for Business, Energy and Industrial Strategy (BEIS) [website](#). Given the limited budget available and the potentially high volume of extension applications submitted, it is important that controls are in place to manage available budget in a responsive and transparent way. This is why a budget control for extension applications is being introduced.

How are applications counted towards the budget?

- 7.2. Ofgem must consider applications for an extension application in the order in which they are received by it, and must not grant an extension application where the estimated total extension application financial commitment for the [2022/2023 financial year](#) would exceed the budget allocation for that year if the extension application were granted.
- 7.3. Using information included in the extension application and information published by BEIS, Ofgem will assess whether or not there is available budget to progress the application further in the application review process, or whether it should be held in a queue. Where we are operating a budget queue, applications will only be held in the queue if they are considered properly made and demonstrate that the eligibility criteria has been satisfied.
- 7.4. It is important to ensure that extension applications are accurate and include all necessary evidence, as failure to do so could result in an application being rejected and not counted towards the budget. An extension application cannot be amended after it has been made. Nor can applicants make a further extension application in relation to the same plant, without first withdrawing the original extension application.
- 7.5. For all technologies, the following formulae will be used for assessing the contribution towards the budget allocation in the 2022/2023 financial year:

Where:

$$\text{Estimated annual payment} = \mathbf{C \times LF \times H \times T \times I}$$

Where:

'C' is the expected installation capacity of the plant (kWth)

'LF' is the average load factor for the technology as published by BEIS

'H' is the number of hours in the 2022/2023 financial year

T' is the tariff which will apply if the plant becomes accredited

'I' is the estimate of inflation for the 2022/2023 financial year published by BEIS.

Figure 5 Flowchart shows the Extension Application Process

