



Making a positive difference
for energy consumers

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Ofgem response to comments on our draft guidance, and publication of our final guidance to incorporate changes on Non-Domestic Renewable Heat Incentive Scheme Closure

Dear Stakeholder,

On 8 February 2021 Ofgem published draft guidance for comment, in relation to Non-Domestic Renewable Heat Incentive (NDRHI) scheme closure. The comment period ended on 5 March 2021. The relevant amendment regulations, laid on 25 January 2021, come into force on 31 March 2021.

We are writing to let you know that today we have published our final guidance for NDRHI scheme closure. The guidance can be found [here](#).

We have reviewed all responses, and where appropriate have updated our guidance. We would like to thank all those who responded and those who attended our workshop on 2 March 2021.

The comments and our response

We received comments on our draft guidance from a total of 4 stakeholders. We have used this feedback and comments and questions received at the stakeholder event on 2 March to make changes to the draft documents where appropriate. Tables 1, 2 and 3 below, list the key changes made.

It is worth reiterating that this was not a consultation on the policy underpinning the NDRHI scheme, from the Department for Business, Energy and Industrial Strategy (BEIS) at www.gov.uk/beis , but on the clarity of the Ofgem guidance document.

Schedule of changes

Where we have made key changes to the closure guidance document in response to comments, we have provided a reference to the change and section in which the guidance is published. These changes are listed in Table 1,2 and 3, below.

Changes made to Closure guidance	<u>Chapter and paragraph reference</u>
<p>Bullet point reworded with the following lines added:</p> <p>'A plant has been replaced (see Chapter 12, Volume 2)', 'by Ofgem before or after 31 March 2021 or if a TG is still being assessed or was held in a queue and budget becomes available', 'Ofgem has granted an extension before or after 31 March 2021 or if an extension application is still being assessed or was held in a queue and budget becomes available the deadline to commission and apply for full accreditation is 31 March 2022. Extension applications, must be properly made and be submitted from 1 March 2021 and before midnight at the end of 31 March 2021.'</p>	<u>Chapter 1, Paragraph 1.4</u>
<p>Paragraph reworded to the following:</p> <p>'It is important to note that the regulations specify that heat pumps added via the modified capacity route must only provide space and/or water heating only and not process heating. In cases where an existing heat pump provides process heating, it will be the responsibility of the participant to establish metering arrangements that will enable Ofgem to quantify the heat produced by the additional heat pump(s) that has been delivered to any process heating. This</p>	<u>Chapter 3, paragraph 3.3</u>

<p>is in order to accurately calculate RHI payments.</p>	
<p>Line added stating 'In order to do so, there are a number of steps that must be completed by the new participant (ie 'new producer') and the old participant (ie 'original producer'). These steps have been set out below.</p>	<p>Chapter 4, paragraph 4.1</p>
<p><u>Added the following information about notification:</u></p> <p>'Notification should be made by the new producer via email to RHI.AccountChanges@ofgem.gov.uk. The notification email must include the following information:</p> <ul style="list-style-type: none"> • The details of the account for which you seek to transfer the registration to, this will be your ORG reference and follow the format ORGXXXXXXXXXX • The change of registration date, • Confirmation of whether any changes have been made to the equipment used to produce the biomethane, • Proof the old producer is no longer party to the Network Entry Agreement (NEA).' 	<p>Chapter 4, paragraph 4.4</p>
<p><u>Paragraph added stating:</u></p> <p>'Periodic support payments to the new producer will be calculated from the date on which they notified Ofgem of the change in registered producer. This being the case, the new producer should ensure they have a full set of meter readings taken on the date of notification.'</p>	<p>Chapter 4, paragraph 4.5</p>
<p>Added the following information regarding documents upload:</p> <p>'Once the registration has been transferred to the new producer's account, Ofgem will advise the new producer to resubmit the</p>	<p>Chapter 4, paragraph 4.7</p>

<p>original application for registration of a biomethane producer. This will allow the new producer to upload the following documents:</p> <ul style="list-style-type: none"> (i) A biomethane declaration form (ii) A new Network Entry Agreement (signed and dated) (iii) Where applicable, proof of change of ownership of the biomethane plant (ie. the injection equipment, upgrade equipment and the AD plant).' 	
<p><u>Paragraph reworded to state the following:</u></p> <p>'From 1 April 2021, biomethane producers will be able to claim RHI support for all of the eligible biomethane or a proportion of eligible biomethane they inject in a quarterly period. This is intended to provide a greater degree of flexibility to those who wish to participate in both the NDRHI scheme and the Department for Transport's (DfT's) Renewable Transport Fuel Obligation (RTFO).'</p>	<p><u>Chapter 5, paragraph 5.1</u></p>
<p><u>Paragraph in relation to declaration added:</u></p> <p>'However, from 1 April 2021 all participants will be required to provide a quarterly declaration to us so that Ofgem can be satisfied that RHI and RTFO will not be claimed for the same biomethane. We have created two declarations (see guidance volume 2 appendix 2). All participants should select, sign and submit the declaration that is relevant to their circumstances. Please note, where a final submission to the NDRHI for a quarterly period is submitted and once payment for the submission has been made it cannot be withdrawn or amended in the future to revise the amount of gas claimed on the NDRHI.'</p>	<p><u>Chapter 5, paragraph 5.3</u></p>

<p><u>Paragraph reworded to the following:</u></p> <p>'As of 1 April 2021, participants combusting biogas produced by AD, or injecting biomethane produced from biogas made by AD will be able to use feedstock derived from fossil fuel, as long as the contribution of fossil fuel (that forms part of the feedstock) to the energy content of the biogas does not exceed 10%.'</p>	<p><u>Chapter 6, paragraph 6.1</u></p>
<p><u>Paragraph regarding payments added:</u></p> <p>'RHI payments will not be issued for any heat or biomethane derived from fossil fuel. Where a participant uses feedstock derived from fossil fuel, the periodic support payment calculated must be reduced on a pro rata basis to reflect the percentage of the energy content of biogas from the fossil fuel component of the feedstock used by the participant in the relevant quarterly period.'</p>	<p><u>Chapter 6, paragraph 6.4</u></p>
<p><u>Paragraph regarding payments added:</u></p> <p>'In cases where the contribution of the fossil fuel to the energy content of the biogas is below 10%, Ofgem will reduce the RHI payments in line with the percentage contribution of the fossil fuel.'</p>	<p><u>Chapter 6, paragraph 6.5</u></p>
<p><u>Paragraph regarding payments added:</u></p> <p>'Where the contribution of the fossil fuel to the energy content of the biogas exceeds 10%, Ofgem may take compliance action (if relevant) to recover payments made in relation to biogas produced by fossil fuel. It is important to note, as previously stated, RHI payments will not be issued for any heat or biomethane derived from fossil fuel.'</p>	<p><u>Chapter 6, paragraph 6.6</u></p>
<p><u>Line added regarding waste:</u></p> <p>'Participants using solid biomass which is waste or is wholly derived from waste in their accredited RHI installation will not be</p>	<p><u>Chapter 7, paragraph 7.4</u></p>

required to meet the woodfuel quality criteria set out above.'	
<u>Paragraph about who must meet the Woodfuel criteria added:</u> 'From 1 April 2022 participants who source their solid biomass from the Biomass Suppliers List (BSL) or self- report against the sustainability requirements, will be required to demonstrate the solid biomass they used in their accredited RHI installation meets the woodfuel quality requirement every quarter.'	<u>Chapter 7, paragraph 7.5</u>
<u>Reference to relevant section in guidance volume 2 added:</u> 'For more information please see Chapter 4 of Guidance volume 2.'	<u>Chapter 7, paragraph 7.10</u>

<u>Changes made to Volume 1</u>	<u>Chapter and paragraph reference</u>
<u>Bullet point reworded with the following lines added:</u> 'by Ofgem before or after 31 March 2021 or if a TG is still being assessed or was held in a queue and budget becomes available', 'Ofgem has granted an extension before or after 31 March 2021 or if an extension application is still being assessed or was held in a queue and budget becomes available the deadline to commission and apply for full accreditation is 31 March 2022. Extension applications, must be properly made and be submitted from 1 March 2021 and before midnight at the end of 31 March 2021.'	<u>Chapter 2, paragraph 2.3</u>
<u>Line added at 4th bullet point stating:</u> 'Ofgem will not include all additional users in email correspondence. It is therefore the applicant's responsibility to share any information with the additional users.'	<u>Chapter 2, paragraph 2.11</u>

<p><u>Paragraph from below moved up to the start:</u></p> <p>'The NDRHI scheme will close to all new applications (including applications for accreditation, preliminary accreditation, registration, preliminary registration, additional capacity, additional biomethane and Tariff Guarantees (TG)) from midnight at the end of 31 March 2021, barring some exceptions. (Please refer to Chapter 2 for further information on these exceptions.)'</p>	<p><u>Chapter 3, paragraph 3.1</u></p>
<p><u>Added line stating:</u></p> <p>'Once a preliminary accreditation has been granted, the applicant must commission their installation and submit a properly made full application for accreditation before midnight at the end of 31 March 2021.'</p>	<p><u>Chapter 3, paragraph 3.21</u></p>
<p><u>Added the following paragraph:</u></p> <p>'In addition to the above, the regulations state the eligibility criteria under the Non-Domestic RHI are not met if the plant is generating heat predominantly for the use of one domestic premises, except where it is also generating heat for one or more other domestic premises.'</p>	<p><u>Chapter 4, paragraph 4.40</u></p>
<p><u>Paragraph re worded to the following:</u></p> <p>'It is important to note that the regulations specify that heat pumps added via the modified capacity route must only provide space and/or water heating only and not process heating.'</p>	<p><u>Chapter 8, paragraph 8.8</u></p>
<p><u>Paragraph added stating:</u></p> <p>'In cases where an existing heat pump provides process heating, it will be the responsibility of the participant to establish metering arrangements that will enable Ofgem to quantify the heat produced by the additional heat pump(s) that has been</p>	<p><u>Chapter 8, paragraph 8.9</u></p>

delivered to any process heating. This is in order to accurately calculate RHI payments.'	
<u>Added line about solid biomass which is waste:</u> 'Participants using solid biomass which is waste or is wholly derived from waste in their accredited RHI installation will not be required to meet the woodfuel quality criteria set out above. For more information please see Chapter 4 of Guidance Volume 2.'	<u>Chapter 9, paragraph 9.12</u>
<u>Paragraph re worded to the following:</u> 'As of 1 April 2021, participants combusting biogas produced by AD, or injecting biomethane produced from biogas made by AD, will be able to use feedstock derived from fossil fuel, as long as the contribution of the fossil fuel (that forms part of the feedstock) to the energy content of the biogas does not exceed 10%.'	<u>Chapter 10, paragraph 10.23</u>
<u>Paragraph regarding payments added:</u> 'RHI payments will not be issued for any heat or biomethane derived from fossil fuel. Where a participant uses feedstock derived from fossil fuel , the periodic support payment calculated must be reduced on a pro rata basis to reflect the percentage of the energy content of gas from the fossil fuel component of the feedstock used by the participant in the relevant quarterly period.'	<u>Chapter 10, paragraph 10.24</u>
<u>Paragraph regarding payment added:</u> 'In cases where the contribution of the fossil fuel to the energy content of the biogas is below 10%, Ofgem will reduce the RHI payments in line with the percentage contribution.'	<u>Chapter 10, paragraph 10.25</u>
<u>Paragraph regarding potential payment deductions added:</u> 'Where the contribution of the fossil fuel to the energy content of the biogas exceeds	<u>Chapter 10, paragraph 10.26</u>

<p>10%, Ofgem may take compliance action (if relevant) to recover payments made in relation to biogas produced by fossil fuel. It is important to note, as previously stated, RHI payments will not be issued for any heat or biomethane derived from fossil fuel. For further information on feedstock derived from fossil fuel used in biogas installations or by registered biomethane producers, please see Chapter 4 of Guidance Volume 2.'</p>	
<p><u>Paragraph re worded to the following:</u> 'As of 1 April 2021, participants combusting biogas produced by AD, or injecting biomethane produced from biogas made by AD will be able to use feedstock derived from fossil fuel, as long as the contribution of the fossil fuel (that forms part of the feedstock) to the energy content of the biogas does not exceed 10%.'</p>	<p><u>Chapter 12, paragraph 12.22</u></p>
<p><u>Paragraph regarding payment added:</u> RHI payments will not be issued for any heat or biomethane derived from fossil fuel. Where a participant uses feedstock derived from fossil fuel, the periodic support payment calculated must be reduced on a pro rata basis to reflect the percentage of the energy content of biogas from the fossil fuel component of the feedstock used by the participant in the relevant quarterly period.</p>	<p><u>Chapter 12, paragraph 12.23</u></p>
<p><u>Paragraph regarding potential payment deductions added:</u> In cases where the contribution of the fossil fuel to the energy content of the biogas is below 10%, Ofgem will reduce the RHI payments in line with the percentage contribution.</p>	<p><u>Chapter 12, paragraph 12.24</u></p>
<p><u>Paragraph regarding potential payment deduction added:</u></p>	<p><u>Chapter 12, paragraph 12.25</u></p>

<p>'Where the contribution of the fossil fuel to the energy content of the biogas exceeds 10%, Ofgem may take compliance action (if relevant) to recover payments made in relation to biogas produced by fossil fuel. It is important to note, as previously stated, RHI payments will not be issued for any heat or biomethane derived from fossil fuel. For further information on feedstock derived from fossil fuel used in biogas installations or by registered biomethane producers, please see Chapter 4 of Guidance Volume 2.'</p>	
<p><u>Paragraph reworded to the following:</u></p> <p>'From the 1 April 2021, biomethane producers will be able to claim RHI support for all of the eligible biomethane or a proportion of the eligible biomethane they inject in a quarterly period. This is intended to provide a greater degree of flexibility to those who wish to participate in both the NDRHI scheme and the Department for Transport's (DfT's) Renewable Transport Fuel Obligation (RTFO).'</p>	<p><u>Chapter 12, paragraph 12.45</u></p>

<u>Changes made to Volume 2</u>	<u>Chapter and paragraph reference</u>
<p><u>Bullet point reworded with the following lines added:</u></p> <p>'by Ofgem before or after 31 March 2021 or if a TG is still being assessed or was held in a queue and budget becomes available',</p> <p>'Ofgem has granted an extension before or after 31 March 2021 or if an extension application is still being assessed or was held in a queue and budget becomes available the deadline to commission and apply for full accreditation is 31 March 2022. Extension applications, must be properly</p>	<p><u>Chapter 1, paragraph 1.2</u></p>

<p>made and be submitted from 1 March 2021 and before midnight at the end of 31 March 2021.'</p>	
<p><u>Line about waste added:</u> 'Participants using solid biomass which is waste or is wholly derived from waste in their accredited RHI installation will not be required to meet the woodfuel quality criteria set out above.'</p>	<p><u>Chapter 4, paragraph 4.59</u></p>
<p><u>Paragraph about who must meet the Woodfuel criteria added:</u> 'From 1 April 2022 participants who source their solid biomass from the Biomass Suppliers List (BSL) or self- report against the sustainability requirements, will be required to demonstrate the solid biomass they used in their accredited RHI installation meets the woodfuel quality requirement every quarter.'</p>	<p><u>Chapter 4, paragraph 4.60</u></p>
<p><u>Paragraph re worded to the following:</u> 'As of 1 April 2021, participants combusting biogas produced by AD, or injecting biomethane produced from biogas made by AD, will be able to use feedstock derived from fossil fuel, as long as the contribution of the fossil fuel (that forms part of the feedstock) to the energy content of the biogas does not exceed 10%.'</p>	<p><u>Chapter 4, paragraph 4.95</u></p>
<p><u>Added paragraph stating:</u> 'For avoidance of doubt, we do not consider feedstock derived from fossil fuel to be the same as solid biomass contaminated with fossil fuel. For example, we are aware glycerine is a feedstock that can contain a proportion of fossil fuel due to the nature of the interactions that occur between the chemicals present throughout the production process. It is this type of</p>	<p><u>Chapter 4, paragraph 4.98</u></p>

<p>feedstock which we consider to be feedstock derived from fossil fuel.'</p>	
<p><u>Paragraph regarding payment added:</u> 'RHI payments will not be issued for any heat or biomethane derived from fossil fuel. Where a participant uses feedstock derived from fossil fuel, the periodic support payment calculated must be reduced on a pro rata basis to reflect the percentage of the energy content of biogas from the fossil fuel component of the feedstock used by the participant in the relevant quarterly period.'</p>	<p><u>Chapter 4, paragraph 4.99</u></p>
<p><u>Paragraph regarding potential payment deduction added:</u> 'In cases where the contribution of the fossil fuel to the energy content of the biogas is below 10%, Ofgem will reduce the RHI payments in line with the percentage contribution of the fossil fuel.'</p>	<p><u>Chapter 4, paragraph 4.100</u></p>
<p><u>Paragraph regarding potential payment deduction added:</u> 'Where the contribution of the fossil fuel to the energy content of the biogas exceeds 10%, Ofgem may take compliance action (if relevant) to recover payments made in relation to biogas produced by fossil fuel. It is important to note, as previously stated, RHI payments will not be issued for any heat or biomethane derived from fossil fuel.'</p>	<p><u>Chapter 4, paragraph 4.101</u></p>
<p><u>Paragraph re-worded to:</u> It is important to note that the regulations specify that heat pumps added via the modified capacity route must only provide space and/or water heating and not process heating.</p>	<p><u>Chapter 5, paragraph 5.7</u></p>
<p><u>Paragraph added:</u> 'In cases where an existing heat pump provides process heating, it will be the responsibility of the participant to establish</p>	<p><u>Chapter 5, paragraph 5.8</u></p>

<p>metering arrangements that will enable Ofgem to quantify the heat produced by the additional heat pump(s) that has been delivered to any process heating. This is in order to accurately calculate RHI payments.'</p>	
<p><u>Line added stating:</u> 'In order to do so, there are a number of steps that must be completed by the new participant (ie 'new producer') and the old participant (ie 'original producer'). These steps have been set out below.'</p>	<p><u>Chapter 11, paragraph 11.10</u></p>
<p><u>Added the following information about notification:</u> 'Notification should be made by the new producer via email to RHI.AccountChanges@ofgem.gov.uk. The notification email must include the following information:</p> <ul style="list-style-type: none"> • The details of the account for which you seek to transfer the registration to, this will be your ORG reference and follow the format ORGXXXXXXXXXX • The change of registration date, • Confirmation of whether any changes have been made to the equipment used to produce the biomethane, • Proof the old producer is no longer party to the Network Entry Agreement (NEA).' 	<p><u>Chapter 11, paragraph 11.12</u></p>
<p><u>Paragraph added:</u> 'Periodic support payments to the new producer will be calculated from the date on which they notified Ofgem of the change in registered producer. This being the case, the new producer should ensure they have a full set of meter readings taken on the date of notification.'</p>	<p><u>Chapter 11, paragraph 11.13</u></p>

<p><u>Added the following information regarding documents upload:</u></p> <p>'Once the registration has been transferred to the new producer's account, Ofgem will advise the new producer to resubmit the original application for registration of a biomethane producer. This will allow the new producer to upload the following documents:</p> <ul style="list-style-type: none"> (i) A biomethane declaration form (ii) A new Network Entry Agreement (signed and dated) (iii) Where applicable, proof of change of ownership of the biomethane plant (ie. the injection equipment, upgrade equipment and the AD plant).' 	<p><u>Chapter 11, paragraph 11.15</u></p>
<p><u>Paragraph reworded to the following:</u></p> <p>'From 1 April 2021, biomethane producers will be able to claim RHI support for all of the eligible biomethane or a proportion of eligible biomethane they inject in a quarterly period. This is intended to provide a greater degree of flexibility to those who wish to participate in both the NDRHI scheme and the Department for Transport's (DfT's) Renewable Transport Fuel Obligation (RTFO). Biomethane producers will be able to claim RHI payments for a proportion of the eligible biomethane they inject in a given quarter. The remaining portion of the biomethane may, subject to DfT's criteria, be eligible under the RTFO scheme.'</p>	<p><u>Chapter 13, paragraph 13.6</u></p>
<p><u>Paragraph added:</u></p> <p>'However, from 1 April 2021 all participants will be required to provide a quarterly declaration to us so that Ofgem can be satisfied that RHI and RTFO will not be claimed for the same biomethane. We have</p>	<p><u>Chapter 13, paragraph 13.8</u></p>

<p>created two declarations (see appendix 2). All participants should select, sign and submit the declaration that is relevant to their circumstances. Please note, where a final submission to the NDRHI for a quarterly period is submitted and once payment for the submission has been made it cannot be withdrawn or amended in the future to revise the amount of gas claimed on the NDRHI.'</p>	
Added RHI/RTFO declaration	Appendix 2

Yours sincerely,

Renewable Heat Team