**Overview**

The Domestic Renewable Heat Incentive (RHI) is a government financial incentive to encourage homeowners and landlords to switch from conventional fossil fuel heating to renewable heating.

By switching to renewable heating, we can help the UK reduce its carbon emissions and meet its renewable energy targets.

**Who’s it for?**

The Domestic RHI scheme aims to support homeowners and landlords who have chosen to invest in renewable heating technologies like biomass boilers and stoves, heat pumps or solar thermal panels.

**What are tariffs?**

These set the rate for your Domestic Renewable Heat Incentive (Domestic RHI) payment. People who join the scheme and stick to its rules, receive quarterly payments for using clean, green renewable heat.

As scheme administrators, we are responsible for publishing the current tariff rates set by the Department of Energy and Climate Change (DECC). You can see these in the following table.

**When do payments start?**

If your application is successful your first payment will be made three months after the date you applied (the ‘date of application’) and at the tariff rate applicable at that date. The date of application is the day we receive your complete application (as most applications are made online this would generally be when you submit your completed application form).
How long do payments last?

Once your applications been approved, we’ll make payments quarterly in arrears for seven years. You will also need to continue to meet the scheme rules.

### Domestic RHI initial tariff rates

<table>
<thead>
<tr>
<th>Tariff per kilowatt hour renewable heat</th>
<th>Biomass boilers and biomass stoves</th>
<th>Air source heat pumps</th>
<th>Ground source heat pumps</th>
<th>Solar thermal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application submitted: 01/10/2015 - 31/12/2015</td>
<td>6.43p</td>
<td>7.42p</td>
<td>19.10p</td>
<td>19.51p</td>
</tr>
<tr>
<td>Application submitted: 01/01/2016 - 31/03/2016</td>
<td>5.14</td>
<td>7.42p</td>
<td>19.10p</td>
<td>19.51p</td>
</tr>
<tr>
<td>Application submitted: 01/04/2016 - 30/06/2016</td>
<td></td>
<td></td>
<td>If any new tariff changes are to be made due to degression, the next announcement by DECC would be by 01 February 2016.</td>
<td></td>
</tr>
</tbody>
</table>

**Tariff rates and RPI**

All tariff rates for the Domestic RHI are adjusted in line with the Retail Price Index (RPI) on 1 April of each year.

Subsequent tariffs, the tariffs of existing scheme members, are adjusted in line with RPI. Tables of subsequent tariffs can be found on our [website](#).
**The Domestic RHI - Tariffs and payments**

**How are deemed payments calculated?**

Your payments are based on the estimated annual heat demand on your Energy Performance Certificate (EPC) or the estimated annual generation on your Microgeneration Certification Scheme (MCS) certificate if you have solar thermal. Depending on your circumstances you may need metering in order to be eligible for payments - see the Essential Guide to Metering to find out more. Metered applicants are paid on the renewable heat that they produce, but are capped at the deemed payment figures. If you don't need metering your payments are calculated in the following way:

**Detailed breakdowns of how we calculate payments**

<table>
<thead>
<tr>
<th>Technology</th>
<th>Heat demand</th>
<th>Tariff</th>
<th>Annual payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass</td>
<td>Heat demand figure listed on EPC</td>
<td>Biomass tariff</td>
<td>Annual payment</td>
</tr>
<tr>
<td>Air source heat pump</td>
<td>Heat demand figure listed on EPC adjusted by SPF</td>
<td>ASHP tariff</td>
<td>Annual payment</td>
</tr>
<tr>
<td>Ground source heat pump</td>
<td>Heat demand figure listed on EPC adjusted by SPF</td>
<td>GSHP tariff</td>
<td>Annual payment</td>
</tr>
<tr>
<td>Solar thermal</td>
<td>Estimated annual generation on MCS certificate</td>
<td>Solar thermal tariff</td>
<td>Annual payment</td>
</tr>
</tbody>
</table>

**Biomass boiler or stove:** the heat demand figure on your EPC (see fig 1) will be multiplied by the tariff rate to produce the total annual payment. This is then divided by four to provide a quarterly figure.

\[
\text{heating demand} \times \text{tariff} \div 4 = \text{quarterly payment}
\]

**Worked example for a Biomass boiler** that provides central heating and hot water (see Fig 1).

\[
\frac{(22154 + 2792) \times 0.1098}{4} = £684.77
\]

**Worked example for a Biomass stove** that provides central heating only:

\[
\frac{22154 \times 0.1098}{4} = £608.13
\]

**Your home’s heat demand**

For most homes, the vast majority of energy costs derive from heating the home. Where applicable, this table shows the energy that can be saved in this property by insulating the loft and walls, based on typical energy use (shown with brackets as it is a reduction in energy use).

<table>
<thead>
<tr>
<th>Heat demand</th>
<th>Existing dwelling</th>
<th>Impact of loft insulation</th>
<th>Impact of cavity wall installation</th>
<th>Impact of solid wall installation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space heating (kWh per year)</td>
<td>22,154</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Water heating (kWh per year)</td>
<td>2,792</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Fig 1.** Example EPC heat demand table, with the heat demand figures highlighted (if your renewable technology provides space and water heating these would be added together).

For more information about payments and example payment calculations see our [website](#).
Heat pumps: the heat demand figure on your EPC (see fig 2) is amended by your heat pumps' Seasonal Performance factor (SPF) to take into account the electricity used to run the heat pump. This is multiplied by the tariff rate to produce the total annual payment and divided by four to provide a quarterly figure.

\[
\text{quarterly payment} = \frac{\text{heat demand} \times (1 - \frac{1}{\text{SPF}}) \times \text{tariff}}{4}
\]

Worked example for a Ground Source Heat Pump (with an SPF of 3.7) that provides central heating and hot water (see Fig 2).

\[
\frac{18327 + 2845 \times (1 - \frac{1}{3.7}) \times 0.1880}{4} = £726.14
\]

Worked example for an Air Source Heat Pump (with an SPF of 2.7) that provides central heating only:

\[
\frac{18327 \times (1 - \frac{1}{2.7}) \times 0.0730}{4} = £210.59
\]

Solar thermal: payments are based on the estimated annual generation figure on your MCS certificate (see fig 3). The annual generation figure is multiplied by the tariff rate, and divided by four to generate a quarterly figure.

\[
\text{quarterly payment} = \frac{\text{Estimate annual generation} \times \text{tariff}}{4}
\]

Worked example for solar thermal that provides domestic hot water:

\[
\frac{2850 \times 0.19204}{4} = £136.80
\]

Fig 2. Example EPC heat demand table, with the heat demand figures highlighted (if your renewable technology provides space and water heating these would be added together).

Fig 3. Example MCS estimated annual generation figure, with the generation figure highlighted. To be eligible for the Domestic RHI a solar thermal system can only provide hot water and cannot provide space heating.
I have heard that tariff rates can go down, is this true?

The Domestic RHI tariffs are set by the Department of Energy and Climate Change (DECC). They have to keep the Domestic RHI within budget and they do this by lowering the tariff rates for new applicants. This is called 'degression' and it happens if uptake of the scheme is higher than the approved budget for that quarter.

What does degression mean?

Every quarter DECC reviews spending on the Domestic RHI and compares it to their forecasts. DECC publishes these figures on a monthly basis.

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% from the start of the next quarter.

It is also possible that a ‘super’ trigger could be passed in which case the tariff would decrease by 20%.

Degression and RPI update

From 01/01/2016 the biomass tariff is changing due to degression from 6.43 to 5.14.

Will degression affect me?

่า The tariff rate at the point of accreditation will stay the same, subject to RPI, for anyone who is already on the scheme.

่า A tariff reduction only affects people who are applying after the degression date. If you submit a complete application form to us before the reduction takes place you will not be affected if your application is successful. Your tariff is based on the submission date (the date you submit the application, not the date you are accredited). This means that if your application is still being reviewed when degression comes into effect, you won’t lose out. If you are having technical problems submitting your application before the degression date, please contact us in writing in advance of the degression deadline.

Find out more

Next steps
See our website: Domestic RHI

For help
For all general queries about the Domestic RHI contact:
The Energy Saving Advice Service, if you live in England or Wales:
Call 0300 123 1234
(Calls are charged at the standard national rate)
Email energy-advice@est.org.uk
Home Energy Scotland, if you live in Scotland:
Call 0808 808 2282
(Calls are free from landlines and most mobile networks).

Guide material

We update our guide material regularly. Check the website for the latest versions, to be sure you’re reading the most up-to-date information.

Domestic RHI essential guides
Essential guide for applicants
Essential guide for installers
Essential guide to metering
Essential guide to optional monitoring - Metering and Monitoring Service Package

Domestic RHI reference
Domestic RHI reference document

For help on or after applying

Contact the Domestic RHI applicant support centre

Telephone: 0300 003 0744
Email: domesticrhi@ofgem.gov.uk

Our applicant support centre opens Monday to Friday 9am – 5pm