

Domestic Renewable Heat Incentive (RHI)

Domestic

www.ofgem.gov.uk/drhi

Version 2.1 September 2017



Factsheet: Important changes to the Domestic RHI scheme

What do the Government reforms mean for me?

This factsheet provides a brief summary of the policy changes to the Domestic RHI scheme which the Government announced in its consultation response [The Renewable Heat Incentive: A Reformed Scheme](#). Some of these changes came into force on 20 September 2017, with others planned for later in 2017/2018.

Overview

In March 2016, the Government published a consultation on changes to the Domestic Renewable Heat Incentive (RHI) scheme. After taking into account the feedback it received, the Department for Business, Energy & Industrial Strategy (BEIS) published its [consultation response](#) on 14 December 2016.

The first stage of changes to the scheme came into force on 20 September 2017. You can read the [amending regulations here](#).

Subject to Parliamentary approval, it's planned for the second stage of regulation amendments to follow later in 2017/2018. These will extend the RHI's budget management mechanism until the end of 2020/2021, as well as introduce the rest of the RHI reform package that was announced in December 2016.

This factsheet highlights the changes to the Domestic RHI scheme announced in the consultation response.

MCS standard updates

Effective from 31 July 2017, the Department for Business, Energy & Industrial Strategy (BEIS) introduced a change to the Domestic RHI Regulations to reflect the latest version of the Microgeneration Certification Scheme (MCS) installation standard for heat pumps.

[Version 5.0 of MIS 3005](#) of the MCS standards was introduced by MCS on 28 April 2017; taking effect from 17 May 2017. From 30 October 2017 onwards, heat pumps must be installed in accordance with this version of the MCS standard.

Please note: If you've signed a contract for your heat pump installation in accordance with version 4.3 of MIS 3005 prior to 30 October, this version may be eligible for the Domestic RHI if you apply within 12 months of the first commissioning date.

For important dates and more details on which standard your heat pump should reflect, please see our [changes to the scheme](#) webpage.

Tariff Uplift

These changes came into force on 20 September 2017.

The tariffs that determine the rates for your Domestic RHI payments are set by BEIS. The current tariffs are published on the Domestic RHI [Tariffs and Payments](#) webpage.

BEIS has announced tariff increases for three of the eligible renewable heating technology types for the scheme.

There will be no changes to tariff rates for solar thermal systems.

Those who apply to the scheme on or after 14 December 2016 will be eligible for the current tariff rate at the date of applying, and then will subsequently be eligible for the increased tariff rate from the day the amended Domestic RHI Scheme Regulations came into force on 20 September 2017. This tariff increase will happen automatically so you don't need to do anything.

Find out more about tariffs and how they work in our [Factsheet: Tariffs and payments for the Domestic RHI](#).

Technology Type	Current tariff (p/kWh)	Uplifted tariff (p/kWh)
Biomass plant	3.85	6.54
Air source heat pump	7.63	10.18
Ground source heat pump	19.64	19.86

Fig 1: Tariff uplift rates

Heat demand limits

These changes came into force on 20 September 2017.

Domestic RHI subsidy payments are publicly funded, so BEIS must ensure the subsidies represent good value for money in order to protect the public purse.

For this reason, BEIS is introducing 'heat demand limits' to the Domestic RHI scheme. This means that there will be a limit to the financial support that scheme participants can receive for their heat use annually.

Heat demand limits will be set for biomass systems, air source, and ground source heat pumps. The figures for the heat demand limits can be found in Figure 2.

Payments for heat pumps will continue to be made only on the renewable proportion of the heat demand, in line with the current scheme rules.

There will be no heat demand limit for solar thermal. Solar thermal payments will continue to be based on the estimated annual generation figure on the Microgeneration Certification Scheme (MCS) Certificate.

Technology Type	Annual Heat Demand Limit (kWh)
Biomass plant	25,000
Air source heat pump	20,000
Ground source heat pump	30,000

Fig 2: Heat demand limits

Metering for performance

Subject to Parliamentary approval, metering for performance is planned to come into effect later in 2017/2018; separately to the changes that came into effect on 20 September 2017.

After planned new regulations come into effect later in 2017/2018, all new accredited applications for heat pumps to the Domestic RHI scheme will be required to have electricity metering arrangements installed alongside their heating system.

The three metering options are:

- electricity metering,
- on-board electricity metering, or,
- a [metering and monitoring service package \(MMSP\)](#).

Of the three options, MMSP provides consumers with the most detailed data on the performance of their heat pump system. Read more about all of the options in the [Government's consultation response](#).

This change is being introduced to enable consumers to monitor the performance of their heating system and to provide a better understanding of the heat pump system's electricity usage. Efficient heat pumps are essential to deliver savings on energy bills for consumers.

Domestic RHI payments will continue to be based on the annual heat demand of the property listed on the EPC or, up to the relevant heat demand limit - whichever is lower, unless your property is required to have metering for payment under the existing scheme rules.

Degression

Subject to Parliamentary approval, changes to the approach in determining degenerations will come into effect later in 2017/2018; separately to the changes that came into effect on 20 September 2017.

To keep the scheme within budget, BEIS lowers the tariff rates for new applications when uptake of the scheme is higher than anticipated. These tariff controls are required to ensure the scheme remains affordable and open to new applicants. This mechanism is called [deggression](#).

The current approach allows degenerations to take place even when there has only been limited growth. BEIS plans will be introducing a new rule to ensure growth is always taken into account. This means degenerations won't occur when the number of accreditations for a particular technology has slowed down.

If there is to be a deggression, BEIS announces this in [its quarterly forecast](#).

For more information on how degenerations can occur, please see our key term [scheme budget management](#).

Figure 3 on the next page shows the process of how a deggression is determined.

BEIS also plans to introduce a new payment schedule for MMSP:

New MMSP registrations will be able to get 50% of the total MMSP payment alongside their first Domestic RHI payment following registration of the MMSP, and the remaining 50% over the course of their remaining Domestic RHI tariff payments.

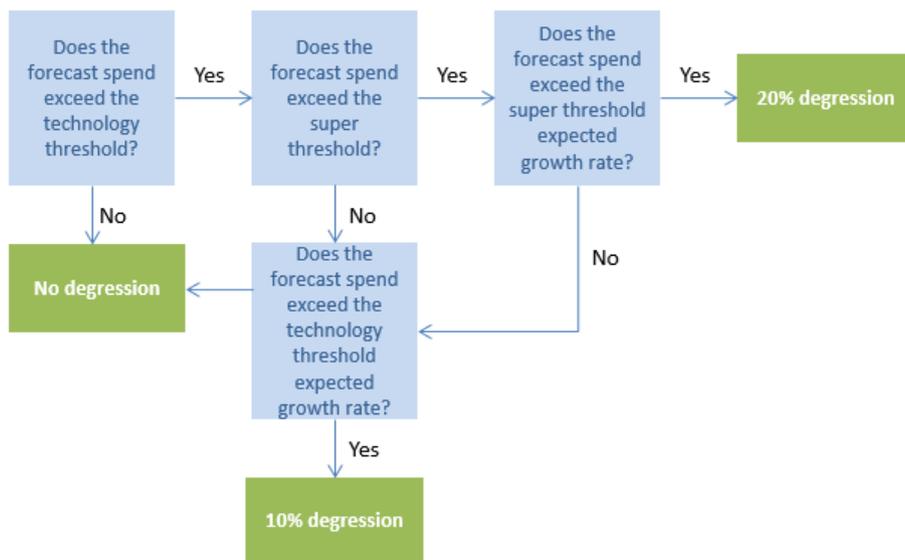


Fig 3: Degradation process

Assignment of Rights

Between January and March 2015, the Government held a ‘call for evidence’ on the possibility of opening up the Domestic RHI to help householders access finance to overcome the barrier of the upfront cost of a renewable heating system. To ensure there are robust consumer protection measures in place, the option for households to assign their rights to RHI payments to investors is intended to be introduced later in 2017/2018.

Timeline of changes to the Regulations

Figure 4 shows an overview of the changes coming into effect.

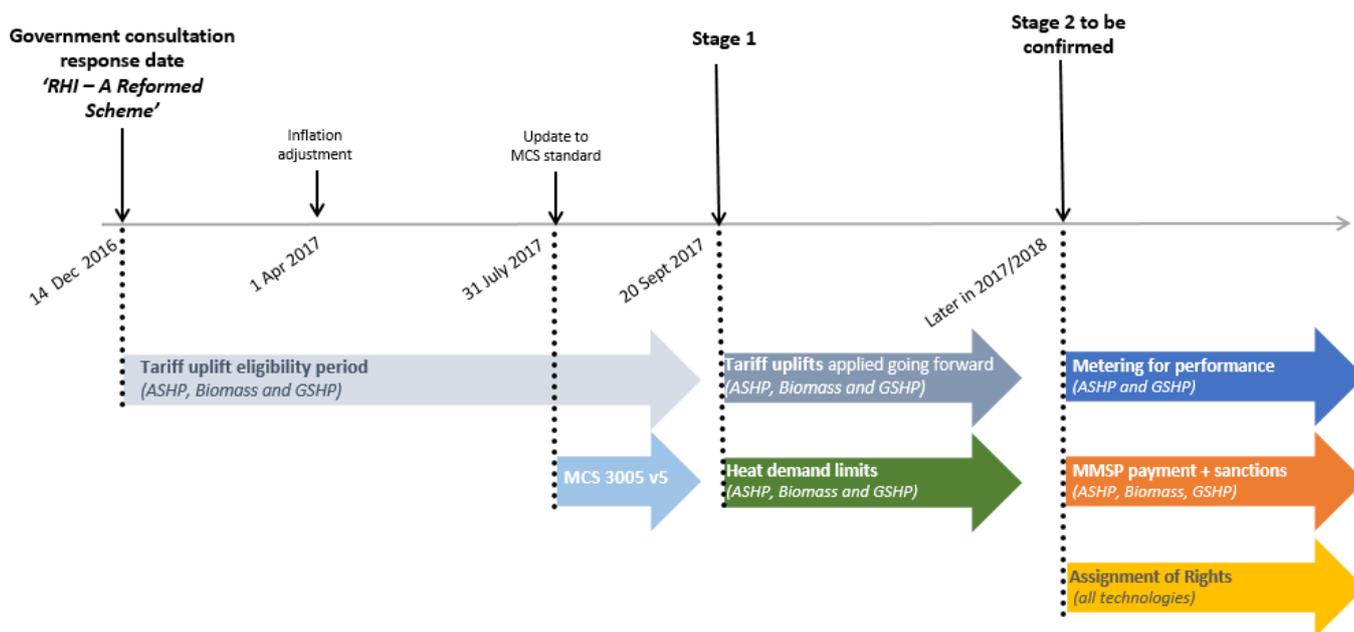


Fig 4: Regulations change timeline

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.

See our website:

[Domestic RHI](#)

[Non-Domestic RHI](#)

Domestic RHI Factsheets

[Factsheet: The Renewable Heat Incentive – Domestic or Non-Domestic?](#)

[Factsheet: A Metering and Monitoring Service Package for the Domestic RHI](#)

[Factsheet: Tariffs and Payments](#)

[Factsheet: Do I Need Metering?](#)

Domestic RHI Essential Guides

[Essential Guide for Applicants](#)

[Essential Guide for Installers](#)

[Essential Guide to Metering](#)

[Essential Guide to Metering and Monitoring Service Packages \(MMSP\)](#)

Domestic RHI Reference Document

[Domestic RHI Reference Document](#)

Find out more

Next steps

See the Department for Business, Energy & Industrial Strategy (BEIS)

[Domestic RHI Payment Calculator](#)

Ask your installer to fill out and leave for you:

[Installer Checklist](#)

For Help

For queries regarding Domestic RHI scheme requirements and eligibility and for free impartial general information on how to save energy in the home:

Energy Saving Advice Service

(England or Wales) **0300 123 1234**

Calls are charged at the standard national rate.

Email energy-advice@est.org.uk

Home Energy Scotland

(Scotland) **0808 808 2282**

Calls are free from landlines and most mobile networks

[Online email form](#)

For consumer protection information:

Renewable Energy Consumer Code (RECC)

www.recc.org.uk

The Home Insulation and Energy Systems Contractors Scheme (HIES)

www.hiesscheme.org.uk

The Glass and Glazing Federation (GGF)

www.ggf.org.uk

If you need help with a Domestic RHI application:

Domestic RHI Applicant Support Centre

Telephone: **0300 003 0744**

Email: DomesticRHI@ofgem.gov.uk

Monday to Thursday: 9:00 to 17:00

Friday: 9:00 to 16:30