Factsheet: The Domestic RHI - tariffs and payments

Find out what the Domestic RHI tariffs are, how they can change, and whether the changes would affect you.

This factsheet includes worked calculation examples on Domestic RHI payments. For up to date tariff rates, please check our website.

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?

Tariffs set the rate for your Domestic Renewable Heat Incentive (RHI) payments. People who join the scheme and stick to its rules receive payments every three months for seven years using clean, green renewable heat.

As scheme administrators, we’re responsible for publishing the current tariff rates set by the Department for Business, Energy & Industrial Strategy (BEIS). You can see these in the table on the next page.

When do payments start?

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

We’ll make payments every three months in arrears to you, for seven years. You’ll need to continue to meet the scheme rules to receive RHI payments. Payments may be interrupted/otherwise affected if you don’t do so.

Tariff rates and Retail Prices Index/Consumer Prices Index

Current and previous tariff rates are published on our website.

Tariff rates for existing scheme members are adjusted on 1 April each year:

Applications submitted before 1 April 2016, that are then successfully accredited to the scheme, have their tariffs adjusted in line with the Retail Prices Index (RPI).

Applications submitted from 1 April 2016, that are then successfully accredited to the scheme, have their tariffs adjusted in line with the Consumer Prices Index (CPI).

Tariff Uplift

As part of the RHI reforms, BEIS increased the tariff for three technology types from 20 Sep 2017: air source heat pumps, ground source heat pumps, and biomass systems. Those who applied to the scheme on or after 14 December 2016, that are then successfully accredited to the scheme, are eligible for the tariff rate at the date of applying. These applications are then subsequently eligible for the increased tariff rate from 20 Sep 2017. If you applied in this period, your tariff rate increase happens automatically so you don’t need to do anything. You will see an update in your payment schedule on your MyRHI portal.

There are no changes to the tariff rate for solar thermal systems.
How are payments calculated?

**If you applied before 20 Sep 2017:** your payments will usually be based on the annual heat demand figure listed on your Energy Performance Certificate (EPC) for biomass and heat pumps. These are known as deemed payments.

**If you applied on or after 20 Sep 2017:** your payments are based on the annual heat demand figure listed on your Energy Performance Certificate (EPC) for biomass and heat pumps, or the heat demand limit, whichever is lower. To read more about the heat demand limit, please see our section on heat demand limits and payment calculations.

**There is no heat demand limit for solar thermal systems** - if you have a solar thermal heating system, your payments will be based on the deemed annual generation listed on your Microgeneration Certification Scheme (MCS) Certificate.

Depending on your circumstances, deemed payments may not be applicable, and you may need metering for payment in order to be eligible for RHI payments - see the Essential Guide to Metering to find out more. For plants that need to be metered for payment, applicants are paid on the renewable heat they produce, but are capped at the annual heat demand figures, or the heat demand limit - whichever is lower.

Deemed payments and how they are calculated

If you applied **before** 20 Sep 2017 and you don’t need metering for payment, your payments are calculated in the following way:

<table>
<thead>
<tr>
<th>Technology</th>
<th>Heat demand</th>
<th>Tariff rate</th>
<th>Annual payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass</td>
<td>Heat demand figure listed on your EPC</td>
<td>X Tariff rate</td>
<td>= Annual payment</td>
</tr>
<tr>
<td>Air source heat pump (ASHP)</td>
<td>Heat demand figure listed on your EPC adjusted by SPF</td>
<td>X Tariff rate</td>
<td>= Annual payment</td>
</tr>
<tr>
<td>Ground source heat pump (GSHP)</td>
<td>Heat demand figure listed on your EPC adjusted by SPF</td>
<td>X Tariff rate</td>
<td>= Annual payment</td>
</tr>
<tr>
<td>Solar thermal</td>
<td>Estimated annual generation on your MCS Certificate</td>
<td>X Tariff rate</td>
<td>= Annual payment</td>
</tr>
</tbody>
</table>
Biomass boiler or stove: The heat demand figure listed on your EPC (see Fig 1 below for the figures used in this example) will be multiplied by the tariff rate to produce the total annual payment. This is then divided by four to provide a quarterly figure.

\[
\text{Heat demand} \times \left( \frac{\text{tariff rate}}{100} \right) = \text{quarterly payment}
\]

**Worked example for a biomass boiler** that provides space heating and hot water (see Fig 1 below for the figures used in this example).

\[
\frac{(22,154 \text{ kWh} + 2,792 \text{ kWh}) \times \left( \frac{6.54p}{100} \right)}{4} = £ 407.87 \text{ quarterly payment}
\]

Because the annual heat demand is **below** the heat demand limit (in this example the heat demand limit for biomass boilers is 25,000 kWh), the heat demand figure listed on the EPC is used here.

**Worked example for a biomass stove** that provides space heating only:

\[
\frac{22,154 \text{ kWh} \times \left( \frac{6.54p}{100} \right)}{4} = £ 362.22 \text{ quarterly payment}
\]

Because the annual heat demand is **below** the heat demand limit (in this example the heat demand limit for biomass boilers is 25,000 kWh), the heat demand figure listed on the EPC is used here.

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**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).
Renewable Heat Incentive

Heat pumps: The heat demand figure on your EPC (see Fig 2 below for the figures we used in this example) is amended by your heat pump’s 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.

\[
\text{Heat demand} \times \left(1 - \frac{1}{\text{SPF}}\right) \times \left(\frac{\text{tariff rate}}{100}\right) = \text{quarterly payment}
\]

Worked example for a ground source heat pump (with an SPF of 3.7) that provides space heating and hot water heating (see Fig 2 below for the figures we used in this example)

\[
\frac{(18,327 \text{ kWh} + 2,845 \text{ kWh}) \times \left(1 - \frac{1}{3.7}\right) \times \left(\frac{19.86p}{100}\right)}{4} = £ 767.98 \text{ quarterly payment}
\]

Because the annual heat demand is below the heat demand limit (in this example the heat demand limit for ground source heat pumps is 30,000 kWh), the heat demand figure listed on the EPC is used here.

Worked example for an air source heat pump (with an SPF of 2.7) that provides space heating only (see Fig 2 below for the figures we used in this example)

\[
\frac{18,327 \text{ kWh} \times \left(1 - \frac{1}{2.7}\right) \times \left(\frac{19.86p}{100}\right)}{4} = £ 572.92 \text{ quarterly payment}
\]

Because the annual heat demand is below the heat demand limit (in this example the heat demand limit for air source heat pumps is 20,000 kWh), the heat demand figure listed on the EPC is used here.

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).
Solar thermal: payments are based on the estimated annual generation figure on your MCS Certificate (see Fig 3 below for the figures we used in this example). The annual generation figure is multiplied by the tariff rate, and divided by four to generate a quarterly figure.

\[
\text{quarterly payment} = \frac{\text{annual heat generation} \times \frac{\text{tariff rate}}{100}}{4}
\]

**Worked example for solar thermal** that provides **domestic hot water (DHW)**:

\[
\frac{1,773 \text{ kWh} \times \frac{20.06p}{100}}{4} = £ 88.92 \text{ quarterly payment}
\]

**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.

### Heat demand limits

Domestic RHI subsidy payments are publicly funded. Therefore, BEIS introduced heat demand limits which came into force on 20 Sep 2017, to help ensure that subsidies represent good value for money in order to protect the public purse. Heat demand limits are set for air source heat pumps, ground source heat pumps, and biomass plants. The figures for the heat demand limits can be found in the figure below:

<table>
<thead>
<tr>
<th>Technology Type</th>
<th>Annual Heat Demand Limit (kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass plants</td>
<td>25,000</td>
</tr>
<tr>
<td><strong>Air source heat pump</strong></td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Ground source heat pumps</strong></td>
<td>30,000</td>
</tr>
</tbody>
</table>

**Fig 4: Heat demand limits**

You can still apply if your annual heat demand on your Energy Performance Certificate (EPC) is higher than the heat demand limit, however your RHI payments will be capped in line with these limits.
Renewable Heat Incentive

Heat demand limit payments and how are they calculated

If you applied on or after 20 Sep 2017 and you don’t need metering for payment, your payments are calculated in the following way:

<table>
<thead>
<tr>
<th>Technology</th>
<th>Heat demand limit</th>
<th>Tariff rate</th>
<th>Annual payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass plants</td>
<td>Heat demand limit</td>
<td>X Tariff rate</td>
<td>Annual payment</td>
</tr>
<tr>
<td>Air source heat pump</td>
<td>Heat demand limit</td>
<td>X Tariff rate</td>
<td>Annual payment</td>
</tr>
<tr>
<td></td>
<td>adjusted by SPF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ground source heat pump</td>
<td>Heat demand limit</td>
<td>X Tariff rate</td>
<td>Annual payment</td>
</tr>
<tr>
<td></td>
<td>adjusted by SPF</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Biomass boiler or stove:** the heat demand limit (see Fig 5 below for the figures we used in this example) will be multiplied by the tariff rate to produce the total annual payment. This is then divided by four to provide a quarterly figure.

\[
\text{Heat demand limit} \times \left( \frac{\text{tariff rate}}{100} \right) = \frac{\text{quarterly payment}}{4}
\]

**Worked example for a Biomass boiler** that provides central heating and hot water (see Fig 5).

28,327 kWh + 2,845 kWh = 31,172 kWh is larger than 25,000 kWh per annum. We therefore use the heat demand limit of 25,000 kWh for your RHI payment calculation:

\[
\frac{25,000 \text{ kWh} \times \left( \frac{6.54p}{100} \right)}{4} = £408.75 \text{ quarterly payment}
\]

Because the annual heat demand is above the heat demand limit, the heat demand limit is used here.

<table>
<thead>
<tr>
<th>Your home’s heat demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 the brackets as it’s a reduction in energy use).</td>
</tr>
</tbody>
</table>

<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</td>
<td>28,327</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>(kWh per year)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water heating</td>
<td>2,792</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(kWh per year)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Fig 5.** 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).
Heat pumps: The heat demand figure on your EPC (see fig 6 below for the figures we used in this example) 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.

\[
\text{Heat demand limit} \times \left(1 - \frac{1}{\text{SPF}}\right) \times \left(\frac{\text{tariff rate}}{100}\right) = \text{quarterly payment}
\]

**Worked example for a ground source heat pump** (with an SPF of 3.7 that provides central heating and hot water (see Fig 5).

\[
(30,000 \text{ kWh} \times \left(1 - \frac{1}{3.7}\right)) \times \left(\frac{19.86p}{100}\right) = £1,086.93 \text{ quarterly payment}
\]

Because the annual heat demand is above the heat demand limit, the heat demand limit is used here.

**Worked example for an air source heat pump** (with an SPF of 2.7) that provides central heating only:

\[
(20,000 \text{ kWh} \times \left(1 - \frac{1}{2.7}\right)) \times \left(\frac{10.18p}{100}\right) = £320.48 \text{ quarterly payment}
\]

Because the annual heat demand is above the heat demand limit, the heat demand limit is used here.

<table>
<thead>
<tr>
<th>Your home’s heat demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 the brackets as it’s a reduction in energy use).</td>
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</table>

<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>28,327</td>
<td>N/A</td>
<td>N/A</td>
<td>5,332</td>
</tr>
<tr>
<td>Water heating (kWh per year)</td>
<td>2,845</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Fig 6.** 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).
I have heard that tariff rates can go down, is this true?

The Domestic RHI tariffs are set by the BEIS. BEIS has to keep the Domestic RHI within budget and it does 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. Degression doesn’t affect you once you have applied and been accredited onto the scheme (i.e. if degression occurs after you are accredited onto the scheme).

Will degression affect me?

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

A tariff reduction only affects people who are applying on or after the degression date. If you submit a complete application 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 full application, not the date you are accredited). This means that if your application is still being reviewed when degression comes into effect and goes on to be accredited, 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.

What does degression mean?

Every three months BEIS reviews spending on the Domestic RHI and compares it to their forecasts.

If spending reaches a certain level (an ‘expenditure threshold’) for any of the four technologies and the growth in spending also exceeds a set ‘growth threshold’, this can lead to a 10% reduction in the tariff for the next quarter. This is known as a ‘degression’.

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

How often do BEIS publish their budget figures?

BEIS publishes their budget figures on a monthly basis. You can find these figures on [their website here](#).
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 Optional Monitoring - Metering and Monitoring Service Package (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)
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:

  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