

The Renewable Heat Incentive



Practical Guide

The Renewable Heat Incentive (RHI) offers funding to support heat and biomethane (from anaerobic digestion) produced from renewable sources.

The RHI has been designed to encourage the use of low carbon heating technologies such as wood fuelled boilers and ground source heat pumps. This in turn could help to reduce demand for heat produced from more polluting fossil fuels.

By switching to a renewable heat source, a business could generate income from the RHI tariff payments, which could lead to significantly reduced fuel costs, particularly if switching

from oil or LPG.

The RHI is split into two different parts for domestic RHI and non-domestic RHI, depending on the nature of the heating system installed.

The RHI could provide an excellent diversification opportunity, particularly on farms with a large heat demand such as greenhouses, pig and poultry sheds or a cluster of buildings requiring heat.

This Practical Guide explains the Renewable Heat Incentive.

How does the RHI work?

A quarterly payment, based on metering the heat output, is made for every kWh of heat produced. Payments are made for 20 years for non-domestic RHI and for 7 years for domestic RHI. Rates are adjusted annually in line with inflation. RHI payments are claimed by and made to the owner of the installation. Installations commissioned on or after 15th July 2009 will still qualify under the scheme, as long as they meet all of the eligibility criteria. If you received a grant for your installation, then you may be given the option to pay back your grant and instead receive support under the RHI; it is not possible to claim RHI and have a grant for installation.

Tariff levels reduce regularly as a result of degression, current tariff rates can be found on the Ofgem website.

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1. Use energy and fuels efficiently
2. Renewable energy
3. Lock carbon into soils and vegetation
4. Making the best use of nutrients
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www.carbontrust.co.uk

www.energysavingstrust.org.uk

www.microgenerationcertification.org

www.snh.gov.uk/docs/A301202.pdf

www.renewableenergyonfarms.co.uk

<https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>

www.agreecalc.com



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What does the RHI cover and who can qualify?

The RHI covers a range of technologies including:

- ✓ Solid biomass (e.g. woodchips, pellets logs and straw)
- ✓ Solar thermal
- ✓ On-site biogas
- ✓ Energy from waste
- ✓ Gaseous biomass
- ✓ Ground and air source heat pumps
- ✓ Deep geothermal
- ✓ Injection of biomethane into the grid

The non-domestic RHI opened at the end of November 2011. The non-domestic scheme is for renewable heat installations that are heating anything other than individual domestic premises. For example, a wood-fired boiler heating the farmhouse **plus** another building with a demand for heat, for example holiday cottages, dairy hot water, grain drying, poultry sheds or glass houses, will be eligible for the current non-domestic scheme. Proposed changes will likely exclude drying digestate as an eligible heat use by Spring 2018 and the government are also reviewing the eligibility of all drying.

The domestic scheme launched in April 2014 and is open to single domestic premises. This is defined by Council Tax banding; for example, if you have a farmhouse with a farm office and only pay Council Tax on this building, it will fall into the domestic RHI scheme. For the Domestic RHI the equipment must be on the RHI Product Eligibility List (PEL); see Ofgem website in web links overleaf.

For biomass, the boiler must comply with the current RHI emissions limits and have a valid RHI test certificate. There are a number of other eligibility criteria, such as use of the heat, whether the heat is used in a wholly enclosed permanent structure and sustainability requirements that need to be met. More detailed guidance documents are available on the Ofgem website.

The current tariffs and updates can also be found on the Ofgem website. A government consultation recently changed the groupings for Non domestic RHI which applied from September 2017, details of which are below.

Non-Domestic RHI Groupings from September 2017	
Old tariff grouping	New tariff grouping
Small Biomass	Biomass below 1MW
Medium Biomass	
Large Biomass	
Biomass CHP	Biomass CHP
Air-source heat pumps	Air-source heat pumps
Ground source heat pumps	Small Ground Source Heat Pumps including shared ground loop systems (below 100kW)
	Large GSHP including shared ground loop systems (100kW and above)
Deep geothermal	Deep Geothermal
Solar Thermal	Solar Thermal
All Biogas	Small and Medium Biogas (below 600 kW)
	Large Biogas (600 kW and above)
Biomethane	Biomethane

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Sustainability criteria

From 5 October 2015 the fuel you use must meet new RHI sustainability requirements, consisting of a greenhouse gas (GHG) emissions limit and specific land criteria. You must meet these requirements to continue to receive your payments for existing systems or to begin receiving payments for a new system.

If you buy wood fuel for your installation, the easiest way to ensure that you are meeting the requirements is to source your fuel from a supplier that is on the Biomass Suppliers List (BSL). If you wish to use fuel that you have sourced yourself you may be eligible to register as a self-supplier where;

- **Your installation capacity is under 1 MWth**
- **You source solid biomass from a permitted location (which means somewhere you have a right to harvest the solid biomass, whether by virtue of ownership, tenancy or otherwise; and is no more than 50 miles from the plant where it is used); or**
- **You source waste wood as fuel directly from the place where it first became waste to use in your installation (no distance limit).**

All other biomass in any technology needs to be reported directly to Ofgem (e.g. crops for AD). Not all feedstocks are considered equal and the sustainability and quantity of evidence you need to provide will depend on whether the feedstock is classed as a waste, residue or product. Each consignment of feedstock you use must meet the sustainability criteria individually. Feedstock restrictions, will likely apply to all new AD installations from Spring 2018 limiting the amount of RHI payments on biogas and biomethane not derived from waste and residue feedstocks to 50% of the total biogas yield on an annual basis.

Whether you purchase or self-supply solid biomass, you will be required to keep fuel records throughout your participation in the scheme. An easy guide to fuel sustainability can be found by following the link below:

www.ofgem.gov.uk/publications-and-updates/easy-guide-sustainability