

# 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.

### Points to consider...

- Understand the pros and cons of the various technologies - what other options could meet your needs?
- Match the renewable heating technology to the nature and scale of heat demand on the farm. Heat can't be created purely to attract funding - there must be a economically justified need.
- For small and medium-sized plants (up to and including 45 kW<sub>th</sub>), both installers and equipment need to be certified under the Microgeneration Certification Scheme (MCS).

The RHI is split in to 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 qualify under the scheme, as long as they meet all of the eligibility criteria including metering and installation requirements. 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.

### Our Practical Guides cover five useful topics:

1. Use energy and fuels efficiently
2. Renewable energy
3. Lock carbon into soils and vegetation
4. Making the best use of nutrients
5. Optimise livestock management

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[www.farmingforabetterclimate.org](http://www.farmingforabetterclimate.org)

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### Websites

[www.farmingforabetterclimate.org](http://www.farmingforabetterclimate.org)

[www.gov.scot](http://www.gov.scot)

[www.ofgem.gov.uk](http://www.ofgem.gov.uk)

[www.carbontrust.co.uk](http://www.carbontrust.co.uk)

[www.energysavingtrust.org.uk](http://www.energysavingtrust.org.uk)

[www.microgenerationcertification.org](http://www.microgenerationcertification.org)

[www.snh.gov.uk/docs/A301202.pdf](http://www.snh.gov.uk/docs/A301202.pdf)

[www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy](http://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy)

[www.agrecalc.com](http://www.agrecalc.com)

[www.usewoodfuel.co.uk](http://www.usewoodfuel.co.uk)

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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 scheme is for renewable heat installations that are heating anything other than individual domestic premises. A wood-fired boiler heating the farmhouse **but predominantly** another use or building with a demand for heat e.g. holiday cottages, dairy hot water, grain drying, poultry sheds or glass houses, would be eligible under the current non-domestic scheme. The government provided updated guidance in 2018 on what it deems eligible heat uses. Drying digestate is not classed as an eligible heat use and wood-fuel drying is now only eligible where the renewable heat installation is replacing a fossil fuel heat source.

The domestic scheme 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).

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 the use of heat, whether the heat is used in a wholly enclosed permanent structure and sustainability requirements that need to be met. More detailed guidance documents, the current tariffs and updates can all be found on the Ofgem website.

## Sustainability criteria

The fuel you use must meet 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).**

For non-woody biomass the easiest way is to source fuel from a supplier on the Sustainable Fuel Register (SFR). 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 e.g. AD installations are now limited to 50% of RHI payments on annual biogas and biomethane yield not derived from waste and residue feedstocks. Each consignment of feedstock you use must meet the sustainability criteria individually.

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 at:

[www.ofgem.gov.uk/publications-and-updates/easy-guide-sustainability](http://www.ofgem.gov.uk/publications-and-updates/easy-guide-sustainability)

