

## Renewable Heat Incentive (RHI)

Heat generated from renewable energy sources currently meets 1% of the UK's total heat demand. To reach the 2020 renewable energy target, around 12% of the UK's heat needs to be generated from renewable sources. Policies were introduced to increase the uptake of renewable heat systems, by establishing broad enabling powers in the Energy Act 2008, removing non-financial barriers such as air quality issues and building regulations.

RHI is a payment for generating heat from renewable sources. RHI is set by the UK Government, administered by Ofgem and paid for directly by the UK Treasury. RHI will be introduced in two Phases. The first phase commenced in 2011. RHI will provide two forms of support:

- renewable Heat Premium Payments for domestic installations
- ongoing tariff support for non-domestic renewable heat installations

The Premium Payments will be one off payments intended to subsidise the installation of renewable heat technology in single domestic properties.

The non-domestic installation tariff support will provide a 20 year tariff for a range of renewable heat technologies and includes installations which serve more than one domestic property or cover a whole community, such as district heating schemes.

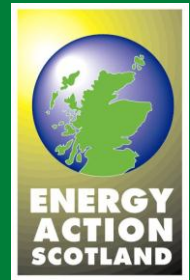
In its first phase RHI will be available for most of the established renewable heat technologies:

- ground source and water source heat pumps
- solar thermal heat and hot water
- on-site biogas for heat production
- biomass heat generation and combined heat and power (CHP)
- deep geothermal
- energy produced from waste
- biomethane injection

The main benefit of the RHI is the generation tariff, which is paid for every kilowatt-hour of energy produced. The level of payment varies depending on the technology and the system size. Under the non-domestic tariff the heat produced will be metered rather than estimated contrary to previous suggestions.

Systems installed after 15 July 2009 will be able to join the Renewable Heat Incentive scheme, but will only get paid for any generation from June 2011 onwards. Furthermore, in the case of non-domestic installations any public subsidy obtained earlier must have been repaid by the commencement of the scheme.

The second phase of the RHI is expected to be introduced in the summer of 2013 and will introduce ongoing tariff support for domestic renewable heat



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installations. Those installations which received Renewable Heat Premium Payments in the first phase will be eligible for this tariff support.

Further details of the Premium Payments and the tariff support to be available in the second phase have yet to be released. However there is an expectation that following further research to develop a measuring methodology, air source heat pumps will become eligible for tariff support.

More information is available from the Department of Energy and Climate Change – [www.decc.gov.uk](http://www.decc.gov.uk)



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