

Renewable Heat Incentive (RHI) 2011

P&H Energy - October 2011

The UK Government has committed that by 2020 15% of all energy consumed will come from renewable sources. To encourage and drive the uptake of renewable heat systems which include Biomass the **Renewable Heat Incentive (RHI)** has been introduced.

The scheme will be introduced in two phases:

In the first phase, **long-term tariff support** is available to the non-domestic sector i.e. larger heat users - industrial, agricultural/rural estates, business and public sector.

1. Introduction/Effective date: July 2011
2. Expected Return on Capital Investment: 12-40%
3. Payments will be made quarterly in arrears.
4. Payments will be available for up to 20 years after the first payment
5. Payments will be index linked (Current rates have been confirmed to rise by 4.8% during the first year).

First phase tariff levels to be paid for (non-domestic) installations:

Size of biomass boiler	Tier 1 Tariff*	Tier 2 Tariff*
Boiler capacity to 200kW	7.6p/kWh	1.9p/kWh
Boiler capacity 200kW to 1,000kW	4.7p/kWh	1.9p/kWh
Boiler capacity + 1000 kW	2.6p/kWh	As per Tier 1

Key points to consider:

1. *The Tier 1 Rate will be paid for heat produced up to 15% of the boiler's nominal annual capacity.
2. EXAMPLE Calculation: Tier 1 for a 150kW boiler is as follows
 - a). $150\text{kW} \times 8760 \text{ hours/annum} \times 15\% = 197,000\text{kWh}$.
 - b). Tier 2 Rate is paid on heat produced above this rate.
 - c). There is a single Tier Rate for biomass systems over 1,000kW
3. Only installations in non-domestic buildings are eligible.
4. The system must have been commissioned after 15th July 2009 and the client must not have received any capital grant.
5. Only boilers 'specifically designed and installed to burn biomass' will be supported.
6. The heat produced by the Biomass boiler has to be metered and must be distinguishable from heat produced by any peak load fossil fuel boiler.
7. Heat meters will require annual recalibration (annual service & maintenance).
8. The biomass boiler will need to be serviced according to the manufacturer's recommendations.

P&H Energy Ltd is able to provide advice and illustrations of exactly what benefit you can obtain from your particular heating system plans.

RHI - How to apply:

1. Applications must be made by the owner and not by an agent.
2. P&H Energy provide a service to clients with the relevant data and drawings required for the application.
3. The approval process schedule :
 - a). A preliminary application will be made to OFGEM to approve the installation eligibility.
 - b). The contractor can be appointed at this point to undertake/complete the installation.
 - c). Make first claim to OFGEM with supporting documents.

Note: for existing installations the client would be advised to go through step 1 to ensure that the installation meets all OFGEM criteria.

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