

Renewable Heat Incentive - the highlights

- Earn a regulated income from every kilowatt hour of heat produced
- Tariff level set by government - based on technology and size
- Comes into force April 2011
- Most renewable heat qualifies
- Household and business users
- No maximum size
- Tariffs for biogas injection to gas grid

What is the Renewable Heat Incentive?

To put it simply the Renewable Heat Incentive (RHI) is a government scheme which makes payments for every kilowatt-hour of renewable heat you produce. The level of the payment (the 'tariff') is laid down by the government, and can be different for different renewable energy sources. It's an innovative approach similar to the Feed-In Tariff for electricity. The RHI also pays a tariff for biogas fed into the gas grid.

What is renewable heat?

It is heat produced from a sustainable source such as solar, biomass or heat pumps. Heat from fossil fuels like gas, oil and coal is not renewable.

Does the Renewable Heat Incentive apply to all types of renewable heat?

Pretty much all. This includes two non-renewable sources - fuel cells and gas-fired combined heat and power systems under 50 kilowatts, because they have been defined as a 'low carbon' technologies.

Are there any size limits?

No. Unlike the Feed-in Tariffs, the RHI has no upper or lower limit. It'll therefore apply from domestic heating systems all the way up to industrial process heat and combined heat and power. There may be some exclusions for very small scale applications (like open fireplaces).

When does it start? Will my system qualify?

The Renewable Heat Incentive is due to come into force in April 2011. All eligible systems installed from then on will certainly qualify. Many systems installed before then may also qualify (but the payments won't start until the tariffs come into force, and won't be retrospective). Details are still to be announced.

Are there any other restrictions?

The main criteria are the type of renewable energy, size and timing as described above. Systems will also have to be installed to prescribed quality standards by accredited installers in order to qualify.

Is this a Renewable Heat Obligation? or related to the other Renewables Obligations?

No. Government did consider a Renewable Heat Obligation, but decided to implement the RHI instead. The Renewables Obligation (RO) and Renewable Transport Fuels Obligation (RTFO) are regulation which require energy suppliers (the companies you buy your electricity or your fuel from) to ensure that a proportion of the energy they sell comes from renewable sources. The RHI is intended for people and companies who install renewables mainly for their own use.

Is this the same as Green Tariffs?

Not that either. Green tariffs are offered by some licensed electricity and gas suppliers when they are selling power sourced entirely or mostly from renewables. This will come mainly from larger scale centralised stations.

Does this only apply to heat? What about gas? What about electricity?

The RHI applies both to heat from low carbon sources and to biomethane fed into the gas grid. A similar measure is also being introduced in April 2010 to cover renewable electricity.

How much is paid for each kilowatt hour?

Now that's the question! The government has yet to publish its recommendations. The industry made suggestions and these are shown in the table below.

Who pays for the Feed-in Tariffs?

The money comes from a levy administered by the official regulator Ofgem on sales of fossil heating fuels and is collected by the suppliers of these fuels. Therefore if you install a renewable energy system you get a double benefit:

- Your income from the Renewable Heat Incentive
- Because you are producing some of your own heat, you will buy less gas or fuel and therefore pay less for it (and so less levy)

There may occasionally be a third benefit too - see second question below.

So if it's not the Government paying, how can I be sure the tariffs will be paid?

The Renewable Heat Incentive is being introduced under an Act of Parliament. The heating fuel supply companies are legally obliged to raise the levy to pay for the R H I, so the tariffs are fully backed by law.

What if I produce more heat than I need?

If you are lucky enough to be connected to a heat network, you can 'export' the surplus back to the network, and get paid for it – in addition to the tariff you get. So make sure you are as energy efficient as possible so you can maximise your exports. In most cases there isn't a heat network and the systems will be designed to produce only the heat that you need (you won't get a payment for wasting it!)

Eligible technologies and proposed tariff levels:

From the government announcements on 1st February 2010

Energy Source	Scale	Tariffs (pence/kWh)	Duration (years)
Small installations			
Solid biomass	Up to 45kW	9	15
Biodiesel	Up to 45kW	6.5	15
Biogas on-site combustion	Up to 45kW	5.5	10
Ground source heat pumps	Up to 45kW	7	23
Air source heat pumps	Up to 45kW	7.5	18
Solar thermal	Up to 20kW	18	20
Medium installations			
Solid biomass	45kW-500kW	6.5	15
Biogas on-site combustion	45kW-200kW	5.5	10
Ground source heat pumps	45kW-350kW	5.5	20
Air source heat pumps	45kW-350kW	2	20
Solar thermal	20kW-100kW	17	20
Large installations			
Solid biomass	500kW and above	1.6 -2.5	15
Ground source heat pumps	350kW and above	1.5	20
Biomethane injection	All scales	4	15