

Domestic Renewable Heat Incentive (RHI)

Domestic

www.ofgem.gov.uk/drhi

Version 4.0 May 2018



Factsheet: Important changes to the Domestic RHI scheme

What do the Government reforms mean for me?

This factsheet provides a brief summary of the policy changes to the Domestic RHI scheme which the Government announced in its consultation response [The Renewable Heat Incentive: A Reformed Scheme](#).

Overview

In March 2016, the Government published a consultation on changes to the Domestic Renewable Heat Incentive (RHI) scheme. After taking account of the feedback it received, the Department for Business, Energy & Industrial Strategy (BEIS) published its consultation response on 14 December 2016. You can read the consultation response, [The Renewable Heat Incentive: A Reformed Scheme](#) on the BEIS website.

The first stage of changes to the scheme came into effect on 20 September 2017. Read about the [amending regulations](#) and the regulatory changes that came into effect on 20 September 2017.

The second stage of regulations were laid on 7 February 2018 and came into effect on 22 May 2018.

The second stage of changes include:

- [metering for performance](#) for heat pumps;
- new metering and monitoring service package (MMSP) payment schedules and enforcement powers;
- [assignment of rights](#); and
- changing the degression rules as part of extending the RHI's [budget management mechanism](#) until the end of 2020/21.

Please note that assignment of rights will come into effect later on 27 June 2018.

The Government has published the draft [Domestic Renewable Heat Incentive Scheme \(Amendment\) Regulations 2018](#).

Metering for performance

All new applications for heat pumps to the Domestic RHI scheme will be required to have electricity metering arrangements installed alongside their heating system.

The three metering options which can be used alone or in combination are:

- [electricity meters](#),
- [on-board electricity meters](#), or,
- [a metering and monitoring service package \(MMSP\)](#).

This change is being introduced to help consumers monitor the performance of their heating system and to provide a better understanding of the heat pump system's electricity usage. Efficient heat pumps are essential to deliver savings on energy bills for consumers.

Of the three options, MMSP provides consumers with the most detailed data on the performance of their heat pump system. Read more about all of the options in the [Government's consultation response](#).

Domestic RHI payments will continue to be based on the annual heat demand of the property listed on the EPC or, up to the relevant heat demand limit - whichever is lower, unless your property is required to have [metering for payment](#) under the existing scheme rules.

Changes in Metering and Monitoring Service Package (MMSP)

An MMSP works like a service contract and is a useful way of checking how well your heating system is performing. People who are successful in registering an agreement for MMSP receive some financial support for installing the package and sticking to the agreement. The package will also provide comprehensive data which will inform future research on the performance of heat pumps and biomass pellet boilers.

New MMSP registrations on or after 22 May 2018 will be able to get a lump sum payment alongside their first Domestic RHI payment, and a maximum of up to seven years of quarterly MMSP payments.

1) If you successfully registered for MMSP before 22 May 2018, you'll receive:

- £230 per year (£57.50 every three months) for heat pumps
- £200 per year (£50 every three months) for biomass pellet boilers

2) If you successfully registered for MMSP on or after 22 May 2018, you'll receive:

- a single lump sum payment of £805, and MMSP payments of £115 per year (£28.75 every three months) for heat pumps
- a single lump sum payment of £700, and MMSP payments of £100 per year (£25.00 every three months) for biomass pellet boilers

Your payments will be made until the end of your RHI lifetime, or until the MMSP agreement ends or is terminated, or we withdraw your registration. For more information, please read our [Factsheet: Metering and Monitoring Service Package \(MMSP\) for the Domestic RHI](#).

Degression

To keep the scheme within budget, BEIS lowers the tariff rates for new applications when uptake of the scheme is higher than anticipated. These tariff controls are required to ensure the scheme remains affordable and open to new applicants. This mechanism is called [degredation](#).

The previous approach allowed degredations to take place even when there had only been limited growth. BEIS has introduced a new rule to ensure growth is always taken into account. This means degredations won't happen when the number of accreditations for a particular technology has slowed down.

If there is to be a degredation, BEIS announces this in [its quarterly forecast](#).

For more information on degredations, please see our key term [scheme budget management](#).

Figure 3 shows the process of how a degredation is determined.

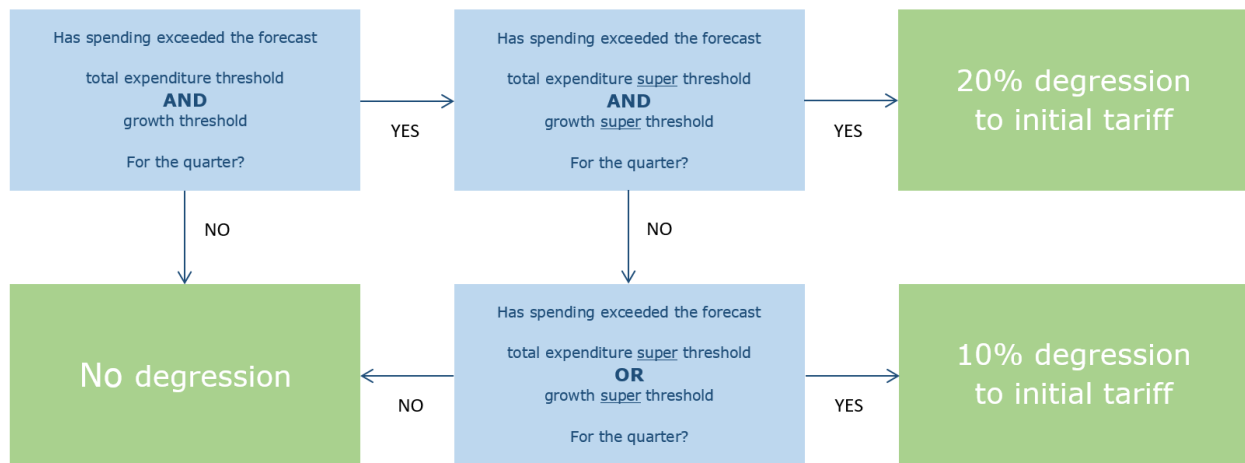


Fig 3: Degredation process

These new regulations came into effect on 22 May 2018.

Assignment of Rights

Renewable heating can be expensive to install, but in the right properties the potential savings on fuel costs or energy bills combined with Domestic RHI payments can make renewable heating systems an attractive investment.

BEIS is introducing an option to help householders access finance to overcome the barrier of the upfront cost of a renewable heating system. This is called assignment of rights, where households can assign their rights to RHI payments to investors. Assignment of rights was introduced with the second stage of regulations that were laid 7 February 2018, but comes into effect later on 27 June 2018.

To read more about assignment of rights and what it entails for applicants and investors, please read our [Factsheet: Introduction to Assignment of Rights](#).

Timeline of changes to the Regulations

Figure 4 shows an overview of the changes coming into effect.

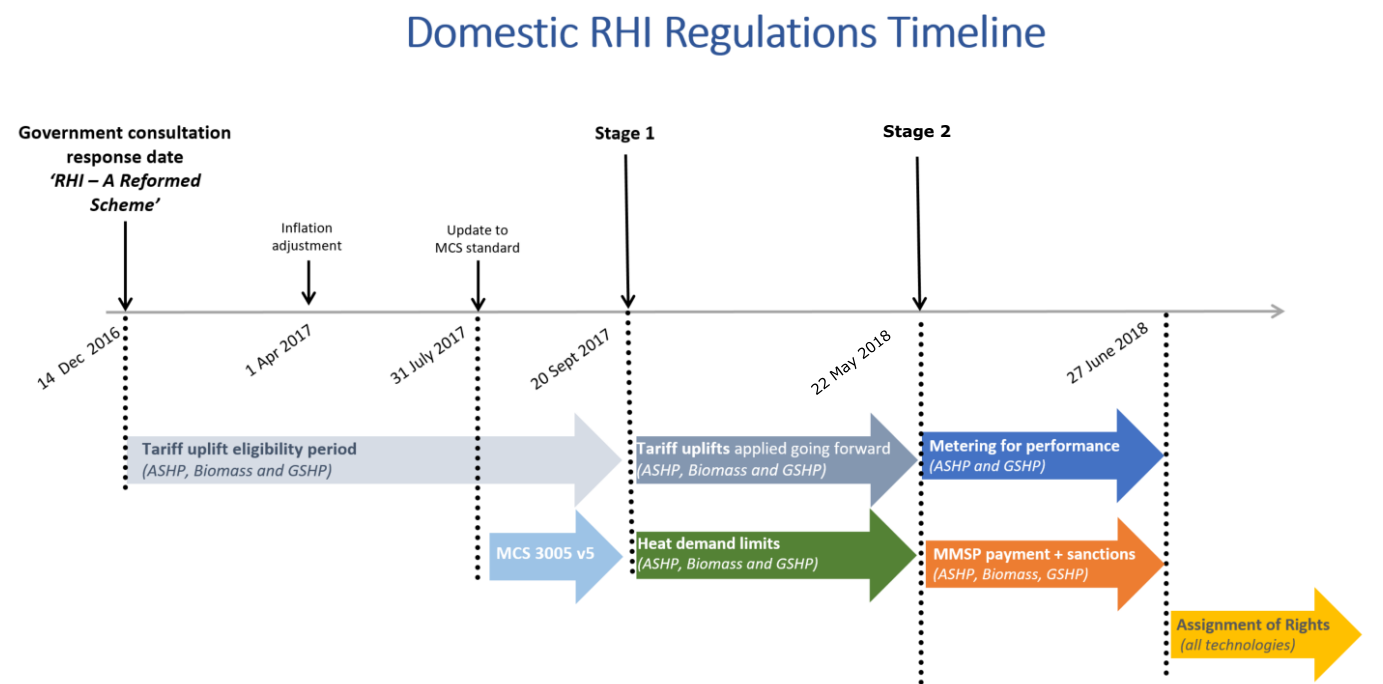


Fig 4: Regulations change timeline

Tariff Uplift

These changes came into force on 20 September 2017.

The tariffs that determine the rates for your Domestic RHI payments are set by BEIS. The current tariffs are published on the Domestic RHI [Tariffs and Payments](#) webpage.

BEIS announced tariff increases for three of the eligible renewable heating technology types for the scheme.

There were no changes to tariff rates for solar thermal systems.

Those who applied to the scheme on or after 14 December 2016 were eligible for the current tariff rate at the date of applying, and then were subsequently eligible for the increased tariff rate from the day the amended Domestic RHI Scheme Regulations came into force on 20 September 2017. This tariff increase happened automatically.

Find out more about tariffs in our [Factsheet: Tariffs and payments for the Domestic RHI](#).

Technology Type	Tariff on 19 Sep 2017 (p/kWh)	Uplifted tariff on 20 Sep 2017(p/kWh)
Biomass plant	3.85	6.54
Air source heat pump	7.63	10.18
Ground source heat pump	19.64	19.86

Fig 1: Tariff uplift rates

Heat demand limits

These changes came into force on 20 September 2017.

Domestic RHI subsidy payments are publicly funded, so BEIS must ensure the subsidies represent good value for money in order to protect the public purse.

For this reason, BEIS introduced 'heat demand limits' to the Domestic RHI scheme. This means that there is a limit to the financial support that scheme participants can receive for their heat use annually.

Heat demand limits were set for biomass systems, air source, and ground source heat pumps. The figures for the heat demand limits can be found in Figure 2.

Payments for heat pumps continue to be made only on the renewable proportion of the heat demand, in line with the current scheme rules.

There is no heat demand limit for solar thermal. Solar thermal payments continue to be based on the estimated annual generation figure on the Microgeneration Certification Scheme (MCS) Certificate.

Technology Type	Annual Heat Demand Limit (kWh)
Biomass plant	25,000
Air source heat pump	20,000
Ground source heat pump	30,000

Fig 2: Heat demand limits

Guidance

We regularly update our guidance. Check the website for the latest versions, to be sure you're reading the most up-to-date information.

See our website:

[Domestic RHI](#)

[Non-Domestic RHI](#)

Domestic RHI Factsheets

[Factsheet: The Renewable Heat Incentive – Domestic or Non-Domestic?](#)

[Factsheet: A Metering and Monitoring Service Package for the Domestic RHI](#)

[Factsheet: Tariffs and Payments](#)

[Factsheet: Do I Need Metering?](#)

Domestic RHI Essential Guides

[Essential Guide for Applicants](#)

[Essential Guide for Installers](#)

[Essential Guide to Metering](#)

[Essential Guide to Metering and Monitoring Service Packages \(MMSP\)](#)

Domestic RHI Reference Document

[Domestic RHI Reference Document](#)

Find out more

Next steps

See the Department for Business, Energy & Industrial Strategy (BEIS)

[Domestic RHI Payment Calculator](#)

Ask your installer to fill out and leave for you:

[Installer Checklist](#)

For Help

For questions about the Domestic RHI scheme requirements and eligibility and for free impartial information on how to save energy in the home:

Energy Saving Advice Service

(England or Wales) **0300 123 1234**

Calls are charged at the standard national rate

Email energy-advice@est.org.uk

Home Energy Scotland

(Scotland) **0808 808 2282**

Calls are free from landlines and most mobile networks

[Online email form](#)

For consumer protection information:

Renewable Energy Consumer Code (RECC)

www.recc.org.uk

The Home Insulation and Energy Systems Contractors Scheme (HIES)

www.hiesscheme.org.uk

The Glass and Glazing Federation (GGF)

www.ggf.org.uk

If you need help with a Domestic RHI application:

Domestic RHI Applicant Support Centre

Telephone: **0300 003 0744**

Email: DomesticRHI@ofgem.gov.uk

For opening hours, please see [our website](#).