

Domestic Renewable Heat Incentive (RHI)

www.ofgem.gov.uk/drhi

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Domestic



Factsheet: Introduction to assignment of rights

What assignment of rights are, how it works, and how to enter into an agreement.

Please see our other guidance on this topic in our [key terms](#) and [webpage](#).

The Government published its [response to the consultation on Renewable Heat Incentive \(RHI\) reform in December 2016](#). The first stage of changes came into effect on 20 September 2017. The second stage of regulations were laid on 7 February 2018. Assignment of rights will come into effect later on 27 June 2018, subject to parliamentary approval.

What is it?

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.

The Department for Business, Energy & Industrial Strategy (BEIS) is introducing an option to help householders and/or landlords access finance to overcome the barrier of the upfront cost of a renewable heating system. This is called "assignment of rights" (AoR). This option allows an "investor" to help fund the purchase, installation and maintenance, of a household or landlord's renewable heating system. Households and landlords are then able to assign their RHI payments to the investor, who is referred to in the RHI Regulations as the "nominated" investor.

How does it work?

Applicants must be the owners of the renewable heating system and must submit an application to the Domestic RHI. However, applicants can choose to assign their RHI payments to a registered investor during the application process.

To become a registered investor, investors will need to register and comply with the terms and conditions of a [Consumer Protection Code](#). There are two Consumer Protection Codes available to investors for this purpose: [The Renewable Energy Consumer Code \(RECC\)](#); and [Home Insulation and Energy Systems Contractors Scheme \(HIES\)](#)¹. Investors must also provide a current 'model' contract to the relevant code of practice which they intend to use to enter into an assignment of rights contract with the owner (householder or organisation) of a renewable heating system. Ofgem may assess contract suitability, and conduct other checks before granting registration under the scheme.

Both participants and investors will have to comply with their "ongoing obligations" under the scheme if accredited under the scheme.

¹ Relevant webpages will be published at a later date.

I am an investor

Overview

Investors can finance the purchase, installation and maintenance of renewable heating systems for households or organisations, and in return be assigned RHI payments, if the renewable heating systems are accredited under the Domestic RHI and the investor is “nominated” by the owner of the system.

To be eligible to receive payments under the Domestic RHI Scheme, you must become a “Registered Investor” first. You must become a member of and meet the requirements of a relevant Consumer Protection Code and be registered by Ofgem. Investors aren’t permitted under the scheme rules to own any part of a plant for which they are nominated to receive RHI payments.

When investing in renewable heating system(s), please ensure you are aware of the Domestic RHI eligibility criteria to remain on the scheme and continue to receive RHI payments. For an overview of scheme requirements, please read the [Essential Guide for Applicants](#).

Please note:

Ofgem and the Department for Business, Energy & Industrial Strategy (BEIS) are currently considering how the scheme may be impacted by other legislation or regulatory requirements. We will issue further guidance in light of this.

In particular, potential investors should consider whether, depending upon their contractual arrangements, they may be engaged in regulated lending or credit broking. They should consider taking legal advice on this.

For more information on how stay informed, see ‘How do I keep informed’ in this document.

How do I apply?

To be eligible to enter into an assignment of rights agreement, investors must first become a member of RECC or HIES, one of the two [Consumer Protection Codes for assignment of rights](#), and agree to their terms and conditions. Investors are also required to provide a current copy of a ‘model’ contract which they intend to use to enter into assignment of rights agreements. The model contract(s) must fulfil the consumer codes’ requirements.

Once approved under RECC or HIES, investors can submit an application to Ofgem to become a registered investor. As a registered investor, you have ongoing obligations you must follow to remain on the Domestic RHI Scheme.

If you are approved to be a registered investor, an applicant will have to nominate you when they apply to the scheme to be their nominated registered investor in order for you to receive their RHI payments.

Applicants need to be very careful with the terms and conditions of any contract they’re offered. See our section on [consumer protection advice below](#).

When you are “nominated” to receive RHI payments, your registered investor status automatically becomes nominated registered investor status. Please see the process in Figure 1.

How to apply for an assignment of rights

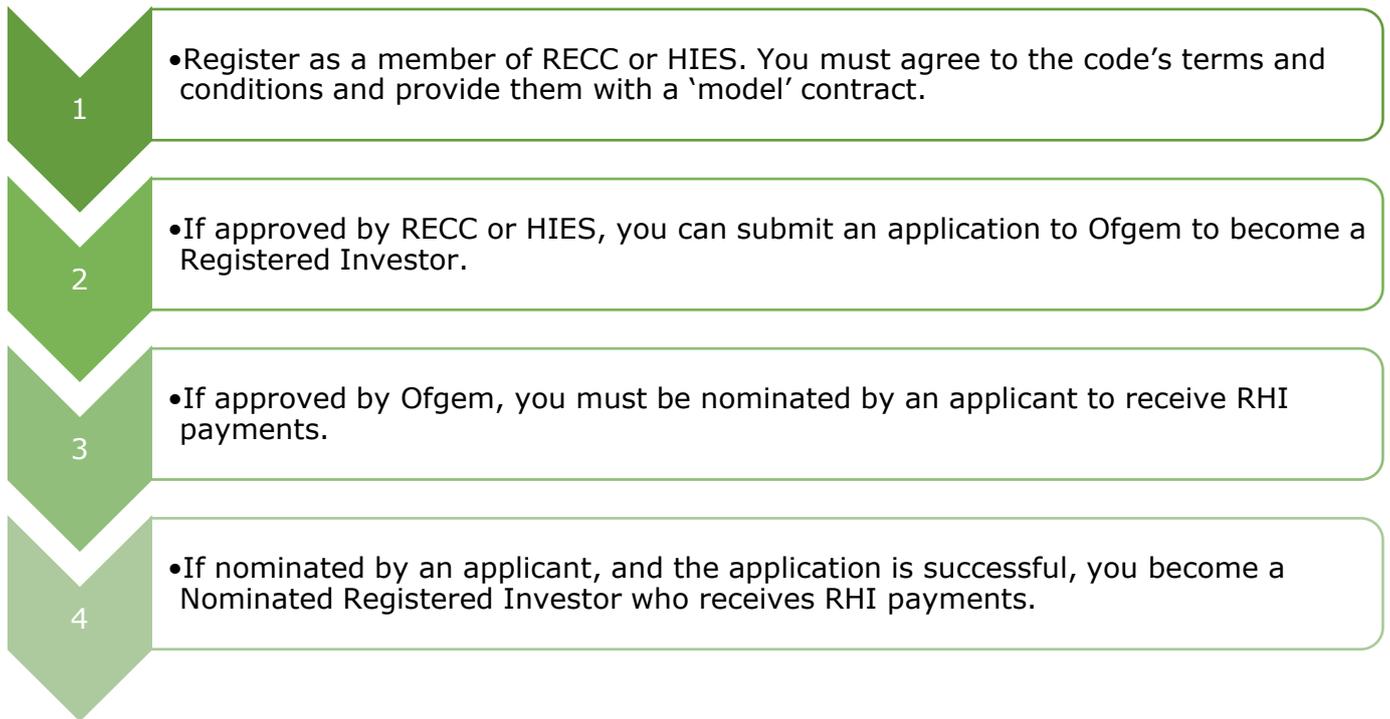


Figure 1: How an investor applies to enter an assignment of rights agreement

What are my ongoing obligations?

If you intend to apply to be a registered investor on the scheme, make sure you're completely familiar with the scheme requirements and your responsibilities under the rules. Ongoing obligations apply to registered investors, nominated registered investors, and participants.

A condition of joining is that you agree to keep to the scheme rules. They include, **but aren't limited to:**

- Telling us if you become aware that the equipment breaks down and isn't working while you and the participant wait for repairs;
- Telling us if the participant sells their house (including the heating system). In this case payments to you will stop and will only continue if a new owner applies and nominates you as their nominated investor;
- Telling us if you become aware of any changes to the heating system, for example if part(s) of it is/are replaced;
- Telling us if you become aware of ANY change in circumstances that may affect you and/or the participant's eligibility. If either of you is no longer meeting the eligibility criteria, RHI payments will stop; and,
- Telling us if your 'model' agreement, and/or the agreements in use with participants has/have changed or is/are no longer the most recent version(s).
- Please also consider whether there is a proper handover process for AoR accounts if your current account manager leaves.

For an overview of your ongoing obligations, please see our [key terms](#).

How much do I get paid?

Payments are made on an estimate of a heating system's annual heat demand, or any relevant annual [heat demand limit](#) - whichever is lower. The heat demand limit caps the financial support that you can receive for annual heat use. This is to ensure subsidies represent good value for money in order to protect the public purse.

For biomass and heat pump systems, to calculate the annual heat demand we take the annual heat demand figure in the EPC. For solar thermal, we use the estimated annual generation on your MCS certificate. There is no heat demand limit for solar thermal systems.

The participant may have to install meters for payment purposes. If so, they will have to submit regular readings, on the basis of which your RHI payments will be based. To see if the heating system needs metering for payment purposes, please see our [Factsheet: Do I need Metering?](#)

Current tariffs are shown on our [website](#). Please also see the [Domestic RHI Payment Calculator](#).

When a participant wants to switch investor

If your participant is planning to switch investor, it will be possible as long as you, as the original nominated registered investor, the participant and the new registered investor all agree, agree on a "switch date" and we're satisfied that all of the eligibility criteria are met and we've confirmed the switch. More details will be published soon.

When a participant moves home

If a participant is planning to sell their property, and their heating system is included in the sale, it will be possible for the new owner to take over the Domestic RHI membership and assignment of rights agreement and nomination with you as their nominated registered investor. More details will be published soon.

How do I keep informed?

If you wish to receive updates as they become available, please subscribe to our [RSS feed](#) on our '[Documents and videos](#)' page or subscribe to our Domestic RHI quarterly [newsletter](#).

For questions:

- about making an application to the Domestic RHI scheme or to become a registered investor please contact us at DomesticRHI@ofgem.gov.uk;
- about your model agreement, contact [HIES](#) or [RECC](#).

Consumer Protection

We would expect to see a level of consumer protection in any assignment of rights agreement, and strongly advise you to discuss your model agreement with HIES or RECC in advance to seeking approval.

It is important that consumers have all the information about the assignment of rights arrangement in advance and that you provide these in accessible format. We have prepared further guidance on [consumer protection](#) below and recommend our [Factsheet: Understanding renewable heating offers](#).

I am an applicant

Overview

Some third party organisations (e.g. investors) can help fund the purchase, installation and maintenance of a renewable heating system, in exchange for receiving the Domestic RHI payments payable in respect of the system. Such an agreement could be considered for assignment of rights purposes.

Investors need to make a financial return on their investment. In exchange for helping fund the purchase, installation and maintenance of your renewable heating technology, they will expect to receive all of your Domestic RHI payments.

There might also be additional costs, for example to survey your property or to provide an EPC. In return you can expect to benefit from a new renewable heating system and lower heating costs, but of course you will benefit only if the renewable heating technology is right for your home. For free impartial information on how to save energy in your home, you can contact [Energy Saving Trust \(England and Wales\)](#) or [Home Energy Scotland](#).

As an applicant where there is an assignment of rights agreement, you are the owner of the renewable heating system. The investor with whom you enter into an agreement cannot own any part of the renewable heating system.

Before applying, please be absolutely sure that the assignment of rights agreement is right for your needs. You'll need to be very careful with the terms and conditions of any contract you're offered. See our section on [consumer protection advice below](#).

How do I apply?

You, as the homeowner, landlord or tenant of the property with the renewable heating system, have to apply to the Domestic RHI Scheme using the regular application process. Part of this process will involve giving us details of your relevant registered investor including a 'unique reference number'. If your heating system meets the scheme's eligibility rules, your application may be accredited.

We strongly advise you to read our [Essential Guide for Applicants](#) before applying.

What are my ongoing obligations?

If you intend to apply to the scheme and intend to enter into an assignment of rights agreement, make sure you're completely familiar with the scheme requirements and your responsibilities under the rules if you're approved. They apply to you and your investor, in relation to your heating system and the RHI property. Read more about eligible properties in Section 4 of the [Essential Guide for Applicants](#).

It's very important that you are aware of these obligations. If you don't meet them, payments to your nominated registered investor can be suspended and/or recovered, and your membership to the Domestic RHI Scheme could be revoked.

A condition of joining is that you agree to keep to the scheme rules. They include, **but aren't limited to:**

- Keeping the heating system and metering equipment (if you have it) in good working order;
- Telling us if the equipment breaks down and isn't working while you wait for repairs;
- Telling us if you sell your house (with the heating system in it). In this case payments to you will stop and switch to the new owner, should they satisfy certain other conditions (please see the [Change of Ownership](#) key term);
- Telling us if you make any changes to your heating system, for example if you replace part of it;
- Telling us if there are changes that mean your property may need to be metered, for example if you expect it to be occupied for less than half the year; and,
- Using BSL registered fuel and keeping a log of fuel receipts

For an overview of your ongoing obligations, please see [our key terms](#).

Switching investor

If you're planning to switch your nominated registered investor, it will be possible as long as you, your original and new nominated registered investor all agree, agree on a "switch date" and we're satisfied that all of the eligibility criteria are met and we've confirmed the switch.

More details on what steps to complete will follow soon.

Moving home

If you're planning to sell your property, and your heating system is included in the sale, it will be possible for the new owner to take over your Domestic RHI membership and assignment of rights agreement and nomination with your nominated registered investor.

More details on what steps to complete will follow soon.

Considerations for applicants' assignment of rights agreements

The applicant must consent to this agreement before investors are nominated. Please ensure the assignment of rights agreement is presented to applicants in a clear and transparent format, using an appropriate method of communication (eg on paper form via letter).

We have listed below some items for investors and applicants to consider when they're creating their 'model' assignment of rights agreement for Ofgem and the Consumer Codes. Please note that this list is not comprehensive.

1) The purchase and installation of the system

- How much disruption will the installation work cause? Where will the new heating system go?
- Who is liable if the installation or operation of the renewable heating system damages the applicant's home, their central heating system or injures them or their family? Who is liable if it affects neighbours in any way?
- Are there any obligations around planning permissions, building control, and building regulations that need to be considered?

2) Maintenance

- What happens if the heating system breaks down? Who will be responsible for fixing it?
- Is the investor offering any performance guarantees for the renewable heating technology? What happens if it stops working and Domestic RHI payments cease?
- Who will pay for maintenance fees if the [heating system stops working](#)?

3) Finance

- Who is paying for the purchase, installation and maintenance of the renewable heating technology? Is that in full or in part?
- If the investor and/or the participant don't or can't meet ongoing obligations and payments are delayed or stopped how is this covered in the contract?
- Who will be paying for the purchase of fuel supply and ensuring it is sustainable?
- It is possible that (if you are the applicant) you may in effect be being lent money and that, depending on the nature of your contractual arrangements, those arrangements may constitute a credit agreement under the Consumer Credit Act. If so, you may have legal rights arising under that Act. You may wish to consider taking legal advice.

4) Communications

- How will you both communicate with Ofgem, BEIS, MCS, RECC/HIES, and any other relevant stakeholders?
- If the participant is a vulnerable consumer or needs help using the internet, is this accounted for in the contract?

5) End of Contract

- What happens if the participant moves house and the new owners don't want to apply to the Domestic RHI or choose a different registered investor?
- What happens if the participants wants to pay off the remaining costs early? Will there be a penalty?
- Who will pay for miscellaneous costs (eg extra costs if Ofgem requires a new MCS Certificate, site notes, an independent report, etc).
- How will guarantees and insurance be transferred, what will happen to any service and maintenance contract?

How much do I get paid?

Please note that, if you are entering into an assignment of rights agreement with an investor, you will not receive RHI payments; but instead you are assigning your payments to your investor.

If you would like to apply for the Domestic RHI independently, please see our [Factsheet: Introduction to the Scheme](#) and our applicant's webpage.

MMSP

There is an [optional Metering and Monitoring Service Package \(MMSP\)](#) that you can register for in the Domestic Renewable Heat Incentive (RHI) if you have a biomass pellet boilers or a heat pump. Those who apply for it are paid extra towards some its costs. It's a useful way of checking how well your system is performing. MMSP payments cannot be assigned to an investor (unlike the RHI payments).

Where can I seek consumer protection advice?

If you decide to enter into a financial agreement for the renewable heating technology or on your home, please carefully consider the agreement suitability and contract terms.

There are also consumer codes set up to protect renewable energy consumers: your investor will be a member of either [the Renewable Energy Consumer Code \(RECC\)](#) or the [Home Insulation and Energy Systems Contractors Scheme \(HIES\)](#).

Before you apply, if you have questions about the Domestic RHI Scheme requirements, and eligibility or would like free impartial information on how to save energy in the home, you can also contact:

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](#)

If you are treated unfairly or if things go wrong, you can get general help and advice from the following consumer organisations:

- [Citizens Advice](#) can give you free, impartial advice on your consumer rights. They can also report your complaint to Trading Standards for investigation
- [Age UK](#) can give you advice, help you access information and services and much more. Its services are only available for those aged over 60
- [Which?](#) can give you independent advice on consumer rights and issues. You can also get specific information on renewable heating

Investors and Participants

Managing your assignment of rights agreement

As an investor you must ensure communications and the contract are transparent, and that the applicant has consented to the agreement.

If the applicant needs help using the internet, or may have any other difficulties understanding their ongoing obligations and the assignment of rights, please ensure you engage and support them in an appropriate method (eg phone calls, letters, etc.).

Before entering an assignment of rights agreement, please ensure that the participant(s) fully understand the terms and conditions of the agreement and what is expected of them.

Data Sharing

Please note that, for transparent communication and understanding between investors and participants, we may share data relating to each party with the other.

This means, we may share information relating to the applicant with their installer.

You can view the Domestic RHI's privacy policy [here](#).

Applying to the Domestic RHI

We strongly recommend investors and applicants read the [Essential Guide for Applicants](#) before applying. An Essential Guide to assignment of rights will be published at a later date.

[The Essential Guide for Applicants](#) contains information which applicants and investors need to know in order to apply to and remain compliant with the Domestic RHI Scheme. It includes information on:

- What heating systems are eligible
- Requirements for heating systems
- Requirements for properties
- Other joining requirements
- Metering requirements
- Ongoing Obligations

Audit Checks

To continue to receive payments, the participant and investor will both have to complete a declaration, every year, confirming that they're continuing to follow the scheme rules.

To help protect the public purse, we carry out a system of desk and site audits to verify that people are complying with the scheme rules. They're randomly chosen, so anyone may be selected at any time. [Auditing](#) can also help identify and protect against errors and fraud.

If we suspect fraud or non-compliance, we may conduct audits on short notice. For more information on audits, see our webpage on [audit checks](#).

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 Optional Monitoring - Metering and Monitoring Service Package \(MMSP\)](#)

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

**GGF is not a consumer protection code that is available for assignment of rights*

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](#)