

28th May 2011

Renewable Heat Incentive Update

Below is our understanding of the latest position statement issued by Department of Energy and Climate Change

Support will be provided for the use of useful and commercially justified renewably generated heat. This can be space, water or process heating. Ongoing support will apply to all eligible installations commissioned after July 2009

Renewable sources are: Biomass, Solar thermal, ground or water source heat pumps but not currently air source or hot air generating equipment, electricity or waste heat recycling

It is hoped that biomass air will be supported from 2012

Non-domestic category installations are:

For industrial, commercial, not for profit, public or community bodies.

Sites such as a B&B are commercial, whereas a house with an office in it is domestic.

A community body can be more than one private dwelling (separately rated) and fed from a common heating source.

Incentive applies from 2011, is administered by Ofgem and installations must meet the eligibility criteria which are not yet fully defined.

Under 45kW the equipment and the installers must be MCS accredited

Over 45kW equipment and installer needn't be MCS but whole project will need to be approved by Ofgem.

Biomass will be funded at the rate of 7.6p/kWhr for the first 1314hours of use at full capacity and 1.9p above this level. Actual use to be measured by heat meter

Solar thermal funded on metered production at 8.5p/kWhr

Support will continue at the index linked rate for 20 years, although new projects may start at lower rates.

Any extensions or modifications to a system using the same technology within 12 months will be deemed to be the original project, beyond that will be added as a separate project if this crosses a threshold.

Users will need to sign up to ongoing obligations such as reporting and maintenance

Domestic

Currently under 45kW systems only. (No statement about what happens if the house needs more)

Payments can only be made to the owner no transfers will be allowed.

The system will be administered by Ofgem will start in September 2012 and the rates are yet to be finally announced.

A one off premium payment will be made to installations commissioned after July 2011 (the Renewable Heat Incentive Premium Payment) to offset the installation costs. The details of this are yet to be announced