

Summary of key regulatory changes to the Non-Domestic RHI scheme since launch

Note: This is a summary of the key changes only – full details of all changes are not provided. For full information on the changes, please consult the relevant amended regulations. Links to the original scheme regulations and amended regulations are below:

- ❖ [The Renewable Heat Incentive Scheme Regulations 2011](#)
- ❖ [The Renewable Heat Incentive Scheme \(Amendment\) Regulations 2013](#)
- ❖ [The Renewable Heat Incentive Scheme \(Amendment\) \(No.2\) Regulations 2013](#)
- ❖ [The Renewable Heat Incentive Scheme \(Amendment\) Regulations 2014](#)

1) Amendments Autumn 2013

Introduction of 'degression' (a budget control mechanism)

Simplified metering arrangements:

The amendment requires the minimum number of meters necessary to calculate RHI payments. They allow - in certain circumstances – for heat loss from external pipework to be ignored if it has been properly insulated. In addition, applicants that can prove that it is either physically or financially difficult to install a heat meter will be allowed to submit a heat loss calculation instead of installing additional meters.

Air quality requirements for biomass boilers:

All applicants with biomass boilers will now need to submit an RHI emission certificate or a valid environmental permit with their application. Participants can only use fuels that are listed on their emissions certificates.

Other changes and improvements to the scheme allow:

- heat to be used for commercial cleaning or drying other than in a building
- accredited installations to be relocated provided the installation meets the necessary requirements at its new location
- installations used to gain Microgeneration Certification Scheme (MCS) accreditation to be eligible for the Non-Domestic RHI.

2) Amendments Spring 2014

New technologies

- Support for air-source heat pumps. Only air-to water heat pumps will be eligible, and must not be designed to provide cooling. Air-to-air heat pumps are not eligible for the scheme
- Biogas capacity limits extended beyond 200kW.
- Energy from waste will be extended to include industrial and commercial waste.

Eligibility of heat pumps

Applications submitted for ground-source and air source heat pumps are now required to include the following:

- a design seasonal performance factor (SPF) of at least 2.5
- measurement of electrical input to calculate SPF and provide quarterly meter readings
- ground-source heat pumps capable of simultaneous heating and cooling will have to measure heat drawn from the ground and provide quarterly meter readings
- ground-source heat pumps capable of cooling must provide a capacity value based on the heating function only
- in addition to using naturally occurring energy in the form of heat, ground source heat pumps will be able to use heat from:
 - heat gathered and stored in the ground using solar collectors, providing no other subsidy for this heat is being received
 - heat from space cooling or process cooling
 - waste heat from industrial processes

Biomethane registration

A number of amendments have been introduced which affect biomethane producers applying to the scheme on or after 28 May 2014:

- provision to apply for additional capacity
- provision to apply for preliminary registration
- power for Ofgem to inspect equipment producing the biomethane or biogas from which the biomethane will be produced before registration.

Grants

The opportunity to repay a grant to be eligible for the scheme has been extended to all applicants. The amended regulations also allow, in certain circumstances, for grants to be repaid through tariff payment reductions.

Introduction of GB Domestic RHI scheme

An amendment to the Non-Domestic regulations has been introduced which excludes accrediting an installation on the Non-Domestic RHI scheme if an installation:

- has been an accredited domestic plant
- has applied for the domestic scheme and the application has not been withdrawn by the applicant or rejected by Ofgem

- provides heat to the same property as an accredited domestic plant or a plant for which an application for accreditation on the domestic scheme has been made and neither withdrawn or rejected.

3) Upcoming amendments February 2015 (subject to Parliamentary approval)

Amendments to underground piping

Standards for buried pipework will be introduced to remove the requirement for all heat losses from buried pipework to be accounted for.

Revised tariff for biomethane injection to grid

Payments for biomethane producers who apply for registration after 19 February 2015 and any additional capacity applied for after this date will be tiered. The publication of the government consultation response document was 09/12/14. Ministers have agreed the policy intent for a three tiered tariff.

Inclusion of 'materiality' exception clause in manufacturer's instructions

A regulatory change to enable us to reclassify certain audit findings related to the requirement to install in line with manufacturer's instructions from 'non-compliances' to 'observations', thus reducing non-compliances.

Removal of 'biomass as a primary fuel source' eligibility criteria

Applicants will no longer be required to demonstrate that their boiler is designed to only use biomass as a primary fuel source. This requirement will be deleted from the regulations so that we are not required to carry out the associated checks.

Power to use declarations as evidence of eligibility

The regulatory provisions included in the GB Domestic RHI regulations will be added to the non-domestic RHI regulations to enable the use of declarations.

Improvements to sanctions provisions

Amendments to the enforcement provisions will be introduced to close existing loopholes and improve our enforcement powers.

4) Upcoming in Autumn 2015 (subject to Parliamentary approval)

Introduction of biomass sustainability criteria

The government plans to introduce new sustainability criteria for installations using biomass fuels under the GB Non-Domestic Renewable Heat Incentive. From **autumn 2015**, participants must use fuels that meet the sustainability criteria to continue to receive RHI payments. This applies to all existing and new participants

Please see [DECC's website](#) for further information on the sustainability criteria.

The key method to comply with these criteria:

- Use sustainable fuel bought through the [Biomass Suppliers' List](#), which lists approved suppliers selling **wood fuels** that meet the RHI sustainability criteria. It is open to the public now and you can search by post code to find suppliers. Note this is for wood fuels only.
- If your installation is below 1MW and if a participant uses fuels from their own estate or supplies their own waste wood, they should register on as a self-supplier on the Biomass Suppliers' List website. Please see DECC's [factsheet](#) for further information on this.
- If a participant cannot use the Biomass Suppliers' List (e.g. biogas installation, producer of biomethane or non-wood fuel user), they will have to report quarterly to Ofgem on the sustainability of their fuel. Installations over 1MW will also have to provide an annual independent audit providing details on the fuels used over the last year.