



Intelligent Transport
Planning Solutions



The heat is on!

The Government's long awaited and somewhat delayed proposals for the renewable heat incentive ("RHI") were published today.

Over the next week or so we will be digesting the proposals and will publish further information in due course.

In the meantime, the key aspects are:

From July 2011 Renewable Heat Premium Payments will be available to homeowners. An amount of £15m has been ring fenced for this. In return for these payments the recipient will be required to provide feedback on how the equipment works. In 2012 a second phase of support for the domestic sector will be introduced, including long term tariff support.

By contrast, the non-domestic sector (covering the public sector, commercial and industrial and charities) will be able to claim tariffs from 2011. The key aspects for the non-domestic sector are:

- A range of technologies will be supported including biomass, solar thermal, heat pumps and biomethane to the gas grid.
- Like the feed-in tariffs for renewable electricity, the payments will be made to the owner of the equipment (or the person in possession under a hire purchase agreement, conditional loan agreement or similar arrangement).
- Payments will be made over a 20 year period, irrespective of the technology.
- For installations not exceeding 45kWth, both the installer and the equipment will have to be accredited under the Microgeneration Certification Scheme (or an equivalent scheme) as is the case for wind, solar pv and hydro electricity generation up to 50kW and claiming feed-in tariffs.
- Payments will be made on the basis of metered heat output.
- Biomass installations of 1MWth and above will have to report on sustainability issues.
- Installations completed after 15 July 2009 (the date the renewable heat incentive was announced) are eligible provided that they meet the other criteria.
- Unlike the feed-in tariffs the payments are funded directly from Government.

The scheme is subject to state aid approval.

Generally there is no limit on the size of schemes supported by the RHI except that support for solar thermal and biogas combustion is only for installations less than 200kWth.

The range of technologies supported from the outset is quite limited being only biomass, ground source heat pumps, water source heat pumps and deep geothermal (but not air source heat pumps), solar thermal less than 200kWth, biomethane and biogas combustion less than 200kWth. Other technologies are under review.

It is very pleasing that the proposals have now been published. Being the first such scheme in the world, the Government is understandably cautious. Players in the market may well take comfort from that caution in the sense that, given the current difficulties caused by the sudden feed-in tariff review, there may be some confidence that the same thing won't happen with the RHI.

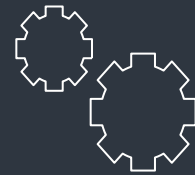
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