



21 January 2013: Announcement on RHI non-domestic scheme

Following the launch of the non domestic Renewable Heat Incentive (RHI) scheme in November 2011, DECC consulted on improvements and extensions to its scope in July 2012 and September 2012. These included proposals for long term budget management, environmental sustainability and the introduction of additional technologies, alongside proposals for an RHI for householders. DECC will confirm the way forward on these as soon as possible to provide certainty to the market and encourage further uptake of a host of other exciting renewable heating technologies.

The non-domestic RHI has been available for just over one year, and DECC is now looking at the evidence on the assumptions and cost data used to set the level of tariffs when the scheme was launched, alongside the level of uptake so far under the scheme. DECC will assess whether new input assumptions should now be adopted and if so, their likely impact on the tariff levels. For example, particular concerns have been raised about the very low uptake of RHI for ground source heat pumps and some of the assumptions underpinning the current tariffs.

Emerging evidence suggests there may be differences between actual costs and load factors of installations and the original assumptions used to calculate the current tariffs. After the work has finished a summary of the findings will be published.

Following the outcome of this work, if the evidence demonstrates that the initial assumptions and cost data need to be updated, subject to value for money considerations and the necessary approvals, DECC will consider proposing tariff changes for new installations in the Spring. It is DECC's intention that where tariffs increase as a result of this work, installations accredited from today (21st January) would benefit from that increase once the new tariffs come into force.

DECC is particularly keen to ensure that where technologies, such as ground source heat pumps, have had low take up to date that any updated tariff is set to provide the right incentive, balancing the need for value for money with the need for an ambitious level of deployment, and the work to complete this is prioritised.

DECC will also continue to consider how the new RHI cost control measures will fit with any new tariffs.

Government remains fully committed to delivering a cost effective incentive to encourage the uptake of renewable heat, helping cut carbon, save money on bills and meet the UK's legally binding renewables target.