

Domestic Renewable Heat Incentive (RHI)

www.ofgem.gov.uk/drhi

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Domestic



Factsheet: The Domestic RHI - Tariffs and payments

Find out what the Domestic RHI tariffs are, how they can change, and if you would be affected.

This factsheet is only a snapshot. For the most up to date information see our [website](#).

Overview

The Domestic Renewable Heat Incentive (RHI) is a government financial incentive to encourage homeowners and landlords to switch from conventional fossil fuel heating to renewable heating.

By switching to renewable heating, we can help the UK reduce its carbon emissions and meet its renewable energy targets.

Who's it for?

The Domestic RHI scheme aims to support homeowners and landlords who have chosen to invest in renewable heating technologies like biomass boilers and stoves, heat pumps or solar thermal panels.

What are tariffs?

These set the rate for your Domestic Renewable Heat Incentive (Domestic RHI) payment. People who join the scheme and stick to its rules, receive quarterly payments for using clean, green renewable heat.

As scheme administrators, we are responsible for publishing the current tariff rates set by the Department of Energy and Climate Change (DECC). You can see these in the following table.

When do payments start?

If your application is successful your first payment will be made three months after the date you applied (the 'date of application') and at the tariff rate applicable at that date. The date of application is the day we receive your complete application (as most applications are made online this would generally be when you submit your completed application form).



How long do payments last?

Once your applications been approved, we'll make payments quarterly in arrears for seven years. You will also need to continue to meet the scheme rules.

Domestic RHI tariff rates

Tariff per kilowatt hour renewable heat	Biomass boilers and biomass stoves	Air source heat pumps	Ground source heat pumps	Solar thermal
Application submitted: 1/04/2016 - 30/06/2016	5.20p	7.51p	19.33p	19.74p
Application submitted: 1/07/2016 - 30/09/2016	4.68p	7.51p	19.33p	19.74p
Application submitted: 01/10/2016 - 31/12/2016	If any new tariff changes are to be made due to degression, the next announcement by DECC would be by the 1 September 2016.			

Tariff rates RPI/CPI

[Current tariff rates](#) are published on our website.

Tariff rates for existing scheme members are adjusted on 1 April each year:

- Applications submitted before 1 April 2016 have their tariffs adjusted in line with the Retail Prices Index (RPI).
- Applications submitted from 1 April 2016 have their tariffs adjusted in line with the Consumer Prices Index (CPI).



How are deemed payments calculated?

Your payments are based on the estimated annual heat demand on your Energy Performance Certificate (EPC) for biomass and heat pumps, or the estimated annual generation on your Microgeneration Certification Scheme (MCS) certificate if you have solar thermal. Depending on your circumstances you may need metering in order to be eligible for payments - see the [Essential Guide to Metering](#) to find out more. Metered applicants are paid on the renewable heat that they produce, but are capped at the deemed payment figures. If you don't need metering your payments are calculated in the following way:

Detailed breakdowns of how we calculate payments

Technology	Heat demand		Tariff		Annual payment
Biomass	Heat demand figure listed on EPC	x	Biomass tariff	=	Annual payment
Air source heat pump	Heat demand figure listed on EPC adjusted by SPF	x	ASHP tariff	=	Annual payment
Ground source heat pump	Heat demand figure listed on EPC adjusted by SPF	x	GSHP tariff	=	Annual payment
Solar thermal	Estimated annual generation on MCS certificate	x	Solar thermal tariff	=	Annual payment

Biomass boiler or stove: the heat demand figure on your EPC (see fig 1) will be multiplied by the tariff rate to produce the total annual payment. This is then divided by four to provide a quarterly figure.

$$\frac{\text{heat demand} \times \text{tariff}}{4} = \text{quarterly payment}$$

Worked example for a Biomass boiler that provides central heating and hot water (see Fig 1).

$$\frac{(22154 + 2792) \times 0.1098}{4} = \text{£684.77}$$

Worked example for a Biomass stove that provides central heating only:

$$\frac{22154 \times 0.1098}{4} = \text{£608.13}$$

Your home's heat demand				
For most homes, the vast majority of energy costs derive from heating the home. Where applicable, this table shows the energy that can be saved in this property by insulating the loft and walls, based on typical energy use (shown with brackets as it is a reduction in energy use).				
Heat demand	Existing dwelling	Impact of loft insulation	Impact of cavity wall installation	Impact of solid wall installation
Space heating (kWh per year)	22,154	N/A	N/A	N/A
Water heating (kWh per year)	2,792			

Fig 1. Example EPC heat demand table, with the heat demand figures highlighted (if your renewable technology provides space and water heating these would be added together).

The Domestic RHI - Tariffs and payments

Heat pumps: the heat demand figure on your EPC (see fig 2) is amended by your heat pumps **Seasonal Performance factor (SPF)** to take into account the electricity used to run the heat pump. This is multiplied by the tariff rate to produce the total annual payment and divided by four to provide a quarterly figure.

$$\frac{\text{heat demand} \times \left(1 - \frac{1}{\text{SPF}}\right) \times \text{tariff}}{4} = \text{quarterly payment}$$

Worked example for a Ground Source Heat Pump (with an SPF of 3.7) that provides central heating and hot water (see Fig 2).

$$\frac{(18327 + 2845 \times \left(1 - \frac{1}{3.7}\right)) \times 0.1880}{4} = \text{£726.14}$$

Worked example for an Air Source Heat Pump (with an SPF of 2.7) that provides central heating only:

$$\frac{18327 \times \left(1 - \frac{1}{2.7}\right) \times 0.0730}{4} = \text{£210.59}$$

Your home's heat demand				
For most homes, the vast majority of energy costs derive from heating the home. Where applicable, this table shows the energy that can be saved in this property by insulating the loft and walls, based on typical energy use (shown with brackets as it is a reduction in energy use).				
Heat demand	Existing Dwelling	Impact of loft insulation	Impact of cavity wall installation	Impact of solid wall installation
Space heating (kWh per year)	18,327	N/A	N/A	(5,332)
Water heating (kWh per year)	2,845			

Fig 2. Example EPC heat demand table, with the heat demand figures highlighted (if your renewable technology provides space and water heating these would be added together).

Solar thermal: payments are based on the estimated annual generation figure on your MCS certificate (see fig 3). The annual generation figure is multiplied by the tariff rate, and divided by four to generate a quarterly figure.

$$\frac{\text{Estimate annual generation} \times \text{tariff}}{4} = \text{quarterly payment}$$

Worked example for solar thermal that provides domestic hot water:

$$\frac{2850 \times 0.19204}{4} = \text{£136.80}$$

Installation details	
Commissioning date	20/08/2014
Total install capacity (kW)	3.40
Estimated annual generation (kWh)	2850.00

Fig 3. Example MCS estimated annual generation figure, with the generation figure highlighted. To be eligible for the Domestic RHI a solar thermal system can only provide hot water and cannot provide space heating.

I heard that tariff rates can go down, is this true?

The Domestic RHI tariffs are set by the Department of Energy and Climate Change (DECC). They have to keep the Domestic RHI within budget and they do this by lowering the tariff rates for new applicants. This is called '**degression**' and it happens if uptake of the scheme is higher than the approved budget for that quarter.

What does degression mean?

Every quarter DECC reviews spending on the Domestic RHI and compares it to their forecasts. [DECC publishes these figures on a monthly basis.](#)

If spending reaches a certain level for any of the four technologies this is known as a **degression** trigger and the tariff for that technology will decrease by 10% from the start of the next quarter.

It is also possible that a 'super' trigger could be passed in which case the tariff would decrease by 20%.

Will degression affect me?

- 🏠 The tariff rate at the point of accreditation will stay the same, subject to RPI or CPI, for anyone who is already on the scheme.
- 🏠 **A tariff reduction only affects people who are applying after the degression date.** If you submit a complete application form to us before the reduction takes place you will not be affected if your application is successful. Your tariff is based on the submission date (the date you submit the application, not the date you are accredited). This means that if your application is still being reviewed when degression comes into effect, you won't lose out. If you are having technical problems submitting your application before the degression date, please contact us in writing in advance of the degression deadline.

Guide material

We update our guide material regularly. Check the website for the latest versions, to be sure you're reading the most up-to-date information.

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](#)

Domestic RHI Factsheets

[The Renewable Heat Incentive – Domestic or Non-Domestic?](#)

[A Metering and Monitoring Service Package for the Domestic RHI](#)

Domestic RHI Reference Document

[Domestic RHI Reference Document](#)

Find out more

Next steps

See the Department of Energy and Climate Change (DECC) [Domestic RHI Payment Calculator](#)

See our website: [Domestic RHI](#) [Non-Domestic RHI](#)

For help

For all general queries regarding the Domestic RHI scheme requirements and eligibility:

**The 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 need help with a Domestic RHI application
Domestic RHI Application Support Centre

Telephone: **0300 003 0744**

Email: DomesticRHI@ofgem.gov.uk

Our applicant support centre opens Monday to Friday
9am to 5pm