



SR Introduction to the Renewable Heat Incentive

In association with

HBJ • Gateley



Welcome & Chair

Lindsay Roberts
Scottish Renewables



Paul Chambers BEIS

The Renewable Heat Incentive – an overview

Paul Chambers
Budget manager and head of domestic RHI
BEIS

Overview

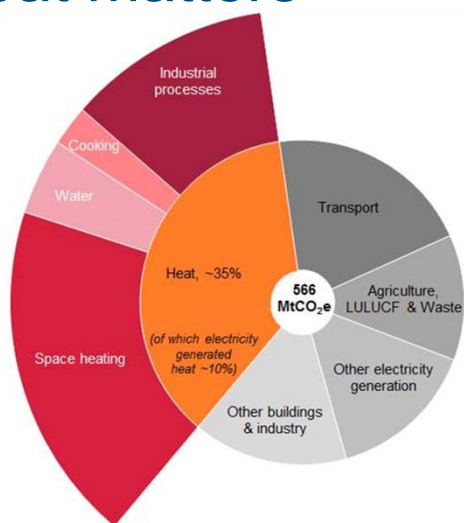
- Why do we need heat policy?
- What is the RHI?
- The RHI budget and how it's paid for
- Success of the scheme to date

Heat and energy use in the UK

Heat is the single biggest reason we use energy in our society

- Around **a third of the UK's carbon emissions** come from the energy used to produce heat.
- **44% of final energy consumed** in the UK is used to generate heat for domestic, commercial and industrial purposes.
- Over **70% of all the heat** used in the UK – in homes, businesses and industry – comes from gas, a fossil fuel.
- As a country, we spend **£32 billion a year** on heating.

Heat matters



Heating is the biggest user of energy in the UK, and accounts for around a third of GHG emissions. Impossible to meet future targets without ambitious action

The Committee on Climate Change estimate that heat related emissions need to reduce from their current levels to ~18MtCO₂e by 2050:

- Domestic and service sectors need to reduce to ~0MtCO₂e
- Industry needs to reduce to 18MtCO₂e (it is harder to decarbonise some of the heat used for industrial processes)

Estimated UK emissions attributable to heating, 2013

The Committee on Climate Change, 2013

Source: Unpublished estimate, Energy consumption in the UK, Government Emission Conversion Factors (BEIS)

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The challenge

“Heating and hot water for UK buildings make up 40% of our energy consumption and 20% of our greenhouse gas emissions. It will be necessary to largely eliminate these emissions by around 2050 to meet the targets in the Climate Change Act and to maintain the UK contribution to international action under the Paris Agreement.”

UK Committee on Climate Change, October 2016

The Renewable Heat Incentive

The Renewable Heat Incentive

- The Renewable Heat Incentive provides financial incentives to install renewable heating in place of fossil fuels. It is available to households and non-domestic consumers to help bridge the gap between the cost of renewable heating systems and conventional alternatives
- The non-domestic RHI has been operational since 2011, with the domestic RHI added in 2014
- The RHI supports a range of low carbon heat technologies - main focus is off-gas-grid sites, and production of biogases that decarbonise the gas grid
- RHI contributes to the UK's 2020 renewables target and our carbon goals

Supported technologies

Heat pumps

Biogas and
biomethane

Biomass boilers

Biomass CHP

Solar thermal

+ geothermal

How the RHI scheme works

- *Optional – Preliminary Application* (NDRHI only)
- Eligible equipment installed and commissioned
- Application made to Ofgem (or registration for biomethane)
- Applicable tariff determined by date of “properly made” application
- Ofgem process application and once satisfied – application accepted
- Quarterly payments start – 20 years (NDRHI) or 7 years (DRHI)
- Ongoing - heat meter readings submitted (NDRHI)
- Ongoing – annual declarations

The RHI budget

	16/17	17/18	18/19	19/20	20/21
Budget	£640m	£780m	£900m	£1010m	£1150m
Current estimate of committed spend	£547m	£645m	£674m	£699m	£718m
Non-domestic	£455m	£548m	£574m	£595m	£611m
Domestic	£91m	£97m	£100m	£104m	£107m

Figures may not sum due to rounding

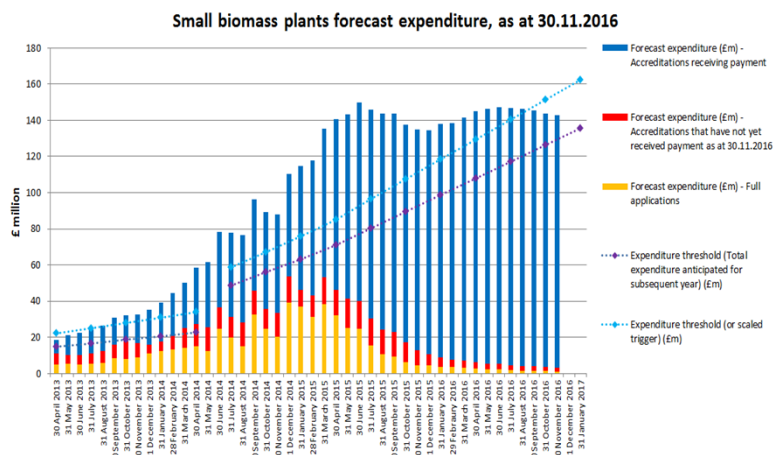
- RHI is paid from BEIS as “Annually Managed Expenditure” – taxpayers rather than billpayers – contrast with FITs, ECO
- We have a **Budget Cap** policy that allows the Secretary of State to close the scheme to new applications if the budget is threatened

Data from December 2016

Monthly budget cap publications can be found at <https://www.gov.uk/government/publications/rhi-mechanism-for-budget-management-estimated-commitments>

Degression

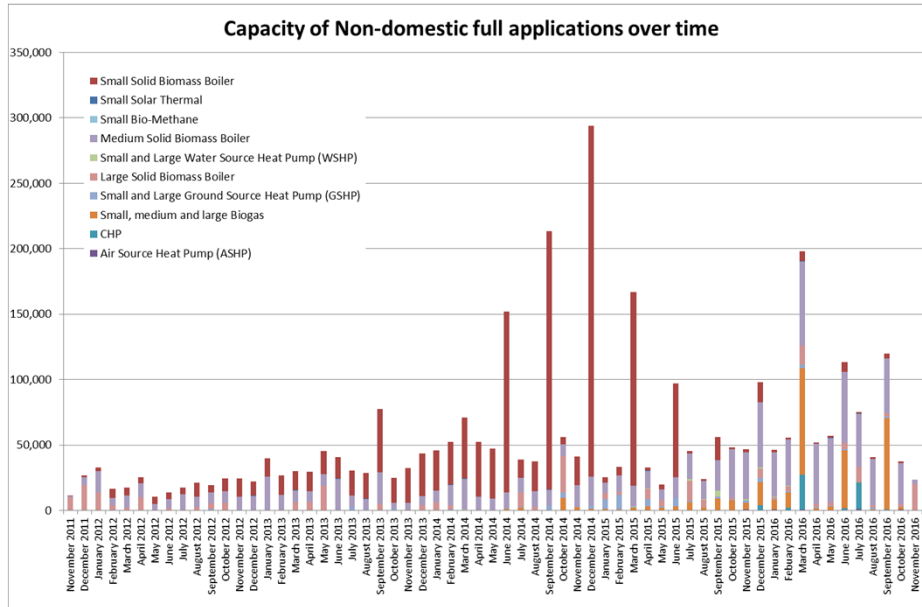
- Reducing a technology’s tariff at pre-set thresholds (degrossion) remains the main way we control deployment and stay within budget



Charts like this and the underlying data are published monthly on the gov.uk website.

Degrossion announcements made quarterly

Non-domestic deployment



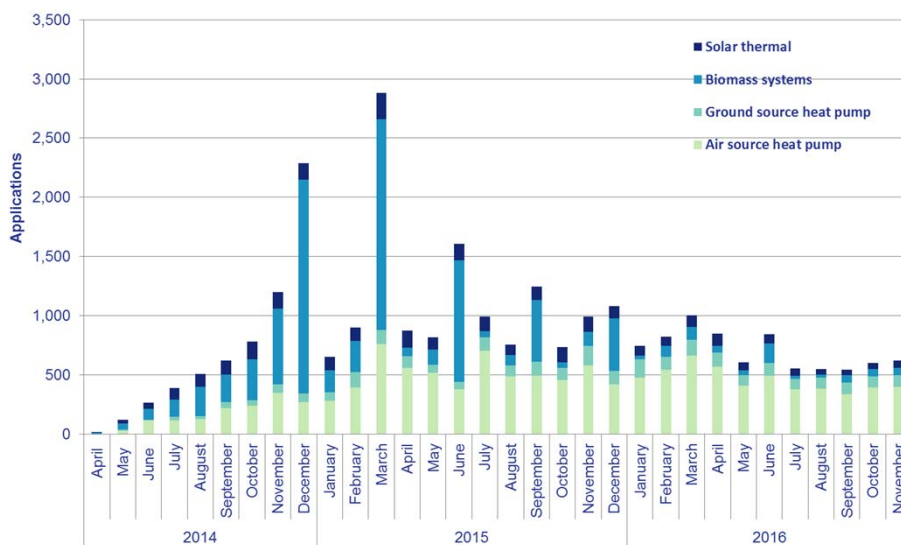
The last twelve months has seen a refocus of the non-domestic scheme away from small biomass and onto medium biomass, biogas and CHP. Fewer, larger installations.

Degression is likely a driver of biogas/ biomethane deployment. New CHP legislation arguably led to a spike in CHP applications during July 2016.

(NB: graph excludes biomethane, which has no capacity. There have been new 43 biomethane installations in the last 12 months, most of which seem to be in the early stages of ramp-up)

Domestic deployment

Domestic RHI: Number of applicants for new installations



Applications have been at a uniform low since July, driven by ASHPs.

After repeated degenerations, there have been far fewer biomass applications in the past 12 months than the prior 12 months.

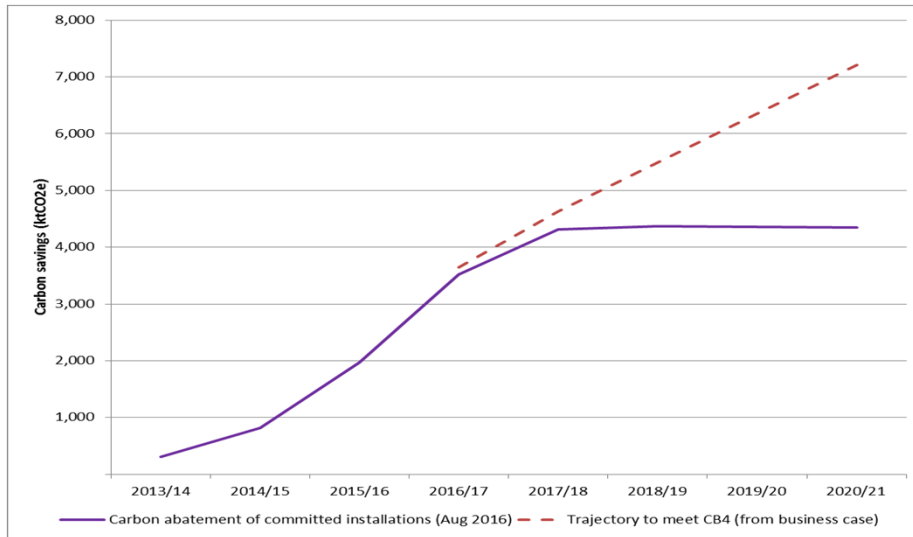
Key RHI statistics – non-domestic

Technology	Heat generated and paid for under the scheme	Number of installations that have received payment ¹	Capacity of installations that have received payment ¹
	GWh	Number	MW
Small biomass boiler (<200 kW)	4,547	12,352	1,467
Medium biomass boiler (200-1000 kW)	3,103	1,785	957
Large biomass boiler (>1000 kW)	1,715	40	211
Solar thermal (<200 kW)	4	229	4
Small water/ground source heat pumps (< 100 kW)	47	501	14
Large water or ground source heat pumps (>100 kW)	89	103	52
Air Source Heat Pumps	8	175	5
CHP	30	5	22
Deep Geothermal	0	0	0
Biogas	162	117	53
Biomethane	2,162*	42	-
* GWh equivalent			
Overall total	11,866	15,349	2,785

Key RHI statistics – domestic

Tariff Band	Heat paid for under the domestic scheme	Number of installations that have received payment
	(MWh)	(Number)
Air source heat pump	388,336	24,263
Ground source heat pump	213,054	7,732
Biomass systems	784,787	12,294
Solar thermal	22,478	8,201
Total	1,408,656	52,490

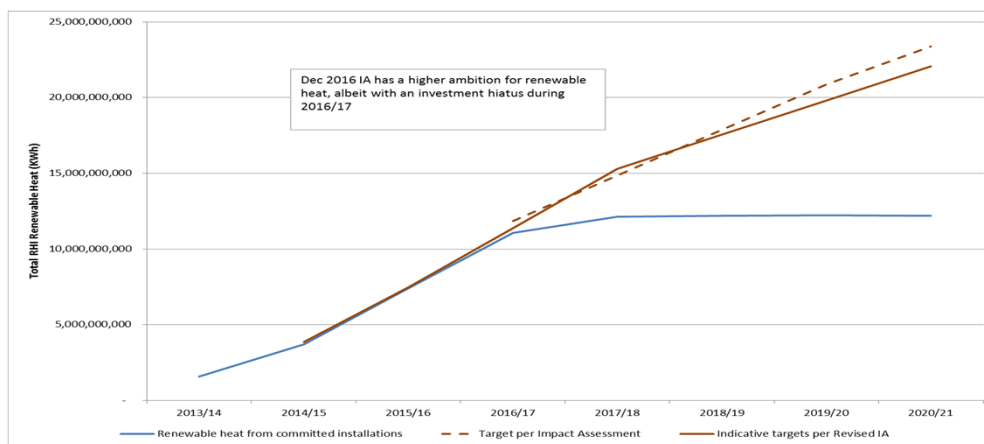
Carbon Abatement



Based on committed stock data to end-Nov 2016, run through Affordability Calculator counterfactual

We will produce a new CB4 trajectory (reflecting the increased ambition of the revised IA) for next Benefits presentation.

Renewable Heat Committed

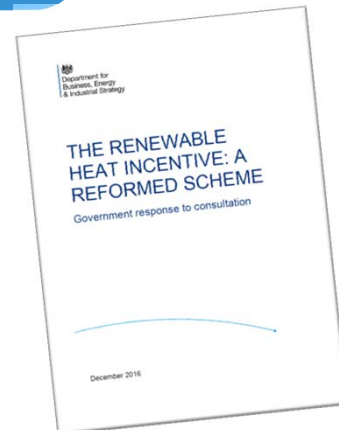


Based on committed heat from stock data, with renewable proportions applied by technology

Overall renewable heat looks on track to meet the 2016/17 Impact Assessment target provided installations perform as expected (including biomethane ramp-up) – but note that this has been revised down.

2017 Reforms

- Government response to the RHI consultation published December 2016
- Entry into force – Spring 2017



Overview of the Spring 2017 RHI reforms

Overall, the reforms will improve the scheme to ensure it:

- Focusses on long-term decarbonisation: The reforms promote deployment of the right technologies for the right uses, while ensuring the RHI contributes to both our decarbonisation targets and to the UK's renewable energy target
- Offers better value for money and protects consumers: The reforms will improve how costs are controlled, give consumers more confidence in the performance of particular technologies, address potential loopholes in the scheme, and significantly improve the scheme's value for money
- Supports supply chain growth and challenges the market to deliver: The reforms will drive cost reductions and innovation to help build growing markets that provide quality to consumers and are sustainable without Government support in future.

Domestic RHI

Eligibility

- Single domestic premises only
- Supported technologies:-
 - biomass only boilers, and biomass pellet stoves
 - air source heat pumps
 - ground source heat pumps
 - flat plate and evacuated tube solar thermal panels.
- Model must be on eligible technology list
- Insulation required if recommended by EPC
- MCS compliance
- Metering required in some instances



Domestic RHI reforms

- The scheme will continue to support solar thermal. The tariff will remain at the current level of 19.74p/kWh
- The tariff for new Air Source Heat Pumps will be increased to 10.02p/kWh
- The tariff for new Ground Source Heat Pumps will be increased to 19.55p/kWh
- The tariff for new biomass installations will be increased to 6.44p/kWh (the tariff level available between October and December 2015)

All tariffs adjusted for inflation

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Domestic RHI reforms

- Not introducing mandatory heat metering for heat pumps. New ASHPs and GSHPs required to install electricity metering alongside their heating system
- Payments will continue to be made on the basis of the deemed heating requirements of the property, except where heat metering is required by current rules.
- Annual heat demand limits will be introduced. The heat demand limits will be set at:
 - 20,000kWh for Air Source Heat Pumps (ASHP)
 - 25,000kWh for biomass boilers and stoves
 - 30,000kWh for Ground Source Heat Pumps (GSHP)
 - There will be no heat demand limit for solar thermal

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Assignment of Rights

- Assignment of Rights will allow householders on the Domestic RHI to assign their right to RHI payments to a company that has financed some or all of their renewable heating technology.
- Householders would still own the system.
- AoR would be available to all eligible technologies.
- No separate tariffs, degression triggers or budget cap.
- Householder will complete the application form and continue to be responsible for the majority of ongoing obligations.
- There will be ongoing obligations for the investor.
- Investors will have to register with Ofgem before being able to receive assigned RHI payments.

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Budget Management Reforms

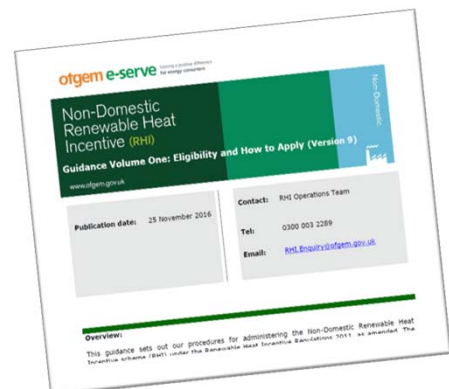
- The budget cap will continue to operate from 2017/18 onwards
- Changes will be made to the way degression operates in both schemes to simplify the degression rules and stop tariffs from continuing to degress once deployment slows down. Triggers will be set up to 2020/21
- Degression and tariff guarantees: Forecast spending on tariff guarantees will be counted towards estimated spend from the point at which they are granted (rather than at commissioning)
- Tariff Guarantee Closure: The Government will retain the power to close the scheme to additional applications for tariff guarantees separately to any decision to close the scheme overall
- The Consumer Prices Index (CPI) will continue to be used as the relevant inflationary index for annual increases to the tariffs available for those applicants who enter the scheme on or after 1 April 2016.

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Non-domestic RHI

Non-domestic RHI - Eligibility

- Open to industrial, commercial, public sector and non-profit organisations with eligible installations in Great Britain.
- Supported technologies:-
 - solid biomass, including when contained in waste (including CHP)
 - ground and water source heat pumps
 - air to water heat pumps
 - biogas combustion (including CHP) – not from landfill gas
 - biomethane injection
 - solar thermal (at capacities of less than 200 kWth)
 - geothermal (including CHP)
- Must be eligible heat use
- MCS required - if 45kWth or less
- Metering
- Air quality
- Biomass sustainability

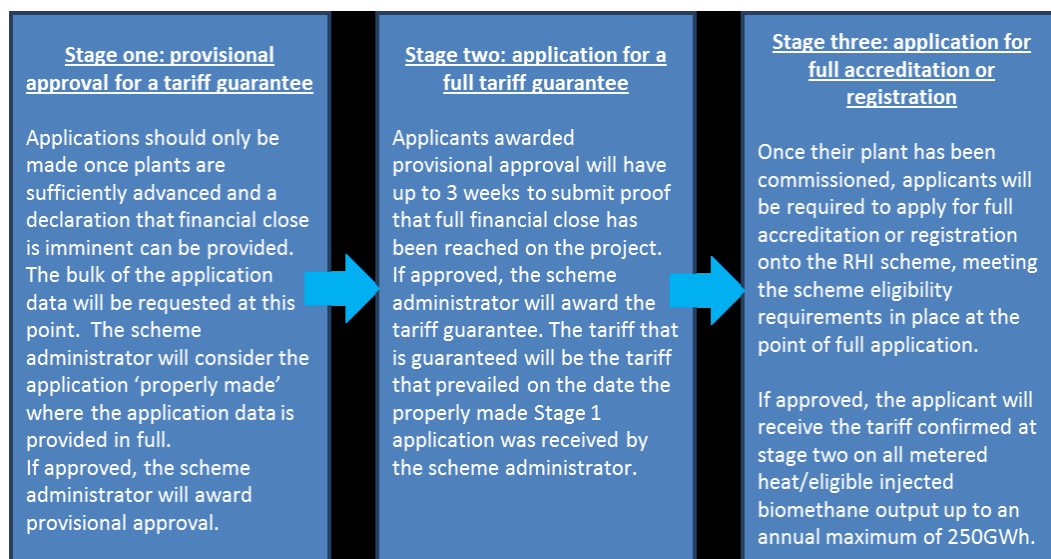


Non-domestic RHI - Reforms

- Tariff Guarantees will be introduced for the following:
 - large biomass boilers (above 1MW in capacity)
 - large biogas plant (above 600kWth)
 - Ground Source Heat Pumps above 100kW (including shared ground loop systems)
 - all capacities of biomethane, biomass-CHP and deep geothermal plant
- The amount of heat that will be covered by a tariff guarantee will be limited to 250GWh per annum.
- Tariff guarantees protect applicants from depression and scheme closure, and we hope will encourage larger plant to apply to the RHI

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Tariff Guarantees



Non-domestic RHI - Reforms

- The three current biomass tariff bands will be replaced with a single tariff, which will be subject to tiering.
- The tier 1 tariff will be set at 2.91p/kWh and the Tier 2 tariff at 2.05p/kWh. The tier threshold will be 35% annual heat load.
- There will be no change to support for biomass-CHP through these reforms. (Changes were introduced in August 2016 and revised in Jan 2017 which set a minimum power efficiency which plant need to reach in order to claim the biomass-CHP tariff for all their eligible heat use – now 10%).

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Non-domestic RHI - Reforms

- The tariff for Air Source Heat Pumps will remain at 2.57p/kWh
- The tariff for Ground Source Heat Pumps will remain at 8.95p/kWh for tier 1 and 2.67p/kWh for tier 2 with no change to the tier threshold
- GSHPs with a shared ground loop will continue to be eligible for support through the non-domestic RHI. Payments will be made on the basis of deemed heat use, as in the domestic scheme

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Non-domestic RHI - Reforms

- The tariff level for biogas will remain at the current level (4.43p/kWh for small scale, 3.47p/kWh for medium and 1.30p/kWh for large). Degrassions which impact on the biogas tariffs between now and the date the regulations come into force will be reversed.
- The biomethane tariff level will be reset to the levels available between April and June 2016. The tier 1 tariff will be set at 5.35p/kWh, the tier 2 tariff will be 3.14p/kWh and the Tier 3 tariff will be 2.42p/kWh.
- New biogas/biomethane plant will only receive support for all biogas/ biomethane produced if at least 50% is derived from feedstocks that are wastes and residues

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Non-domestic RHI - Reforms

- Solar thermal systems will remain eligible for support under the scheme and the capacity limit of 200kW will continue to apply
- Deep geothermal plant of all sizes will continue to be eligible for the scheme with a tariff of 5.08 p/kWh. There will be no change to the tariff available, and all plant will be eligible for tariff guarantees.
- Support for heat used to dry digestate will be removed.
- The reforms will require new systems to have necessary planning permission in place.

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Northern Ireland RHI

- The Northern Ireland RHI scheme is completely separate to the GB scheme and is the responsibility of the Northern Ireland Executive.
- The NI scheme closed to new applicants at the end of February 2016 having exceeded its budget by around £400m.
- There is an ongoing inquiry by NI Public Accounts Committee. Scrutiny has focussed on alleged abuse of the NI RHI and on poor scheme design (e.g. tariffs were set too high, no tiering, etc).
- Although the schemes are different, we are keen to learn lessons, including how we identify scheme abuse.
- For example, Ofgem has started conducting unannounced audits and we will build on this in 2017-18.
- Whistleblowing was a key part of identifying abuse in Northern Ireland – Ofgem has a dedicated hotline for anyone with concerns about RHI participants. We're very keen to see this used if needed!

Thank You



Q & A



Networking Break



A decorative graphic on the left side of the slide, consisting of three overlapping, rounded rectangular shapes in green, purple, and blue, mirroring the colors of the Scottish Renewables logo.

Lindsay Roberts

Scottish Renewables

A decorative graphic on the left side of the slide, consisting of three overlapping, rounded rectangular shapes in green, purple, and blue, mirroring the colors of the Scottish Renewables logo.

Case Studies



Paul Minto
HBJ Gateley

Richard Goodfellow
Addleshaw Goddard



Introduction to the Renewable Heat Incentive

Richard Goodfellow

Introduction

- ▶ Who are Addleshaw Goddard?
- ▶ What do we know about the RHI?
 - ▶ Largest RHI deal in the market, Equitix
 - ▶ Clients in this space include: SSE, Foresight, Leeds City Council, Biogen, Agrivert, Engie, British Gas, Scotia Gas Networks and Muse
 - ▶ Cross over and into CHP, district heating and standalone boilers
- ▶ How an investor thinks. General concepts and specific examples, where relevant

1

Introduction (cont)

Caithness General connected to Wick District heating scheme



Bernard Matthews forges ahead with biomass projects



2

Introduction (cont)

- ▶ Both biomass, but nearly all issues relevant to heat pumps and e.g. biomethane. Scotia?
- ▶ Who are Equitix and who do they work with?

3

The RHI itself

- ▶ Degression concept
- ▶ Speed, speed and speed
- ▶ Availability of RHI tends to be make or break, get the paperwork right

4

General themes and challenges

- ▶ Counterparty experience/speed. Ignis, distilleries, hospitals, council offices, houses.
- ▶ Value to counterparty and stranded assets. Bernard Matthews and insolvency?
- ▶ Edge of desk and link to power price. CSR or FD?
- ▶ Realistic timetables. When do you reveal?
- ▶ Replacing existing demand versus "new" demand. Heard about the suicidal turkey?

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General themes and challenges (cont)

- ▶ Mixed use and domestic customers. Demand?
- ▶ Process heating (Bernard Matthews sort of) versus space heating. Track record?
- ▶ Economics and relationship the dual key

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Project size issues

- ▶ Smaller projects than rest of infra market. Too much trouble?
- ▶ Due diligence and advisor costs. Cheap lawyers?
- ▶ Developer resources and cash flow. How to help?
- ▶ Fund resources and separating money from money and help. Equitix and Bernard Matthews.
- ▶ Optimism bias on solution. Expectations?
- ▶ Expertise? People? Ability to do activities?
- ▶ Commoditise?

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Client and offtaker

- ▶ Credit versus sustainable business. Bernard Matthews and Wick
- ▶ Turnkey? Walk away? NO. Relationship is all. Demand wrong? Wick.
- ▶ Take or pay and RHI. The hardest moment? Schools experience
- ▶ Will client have back up? Hospitals. Manufacturing. How do you test it?
- ▶ Fossil fuel and biomass. Change on the ground?
- ▶ Breakdown. Who will see it?

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Delivery and operations

- ▶ Value of contracts. Accepting poor risk transfer? Secondary and Wick
- ▶ Technical scope and specificity, interface and control. Small change many boilers?
- ▶ Technology provider. Do they maintain?
- ▶ O&M, the man in a van. Scale?

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Fuel supply

- ▶ Biomass wood varies in quality
- ▶ Evidence is burned/used so hard to prove problem
- ▶ Contractors won't accept significant risk
- ▶ Price and link with take or pay
- ▶ Heat pumps. Issue solved?

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Conclusions

- ▶ If you need money, most debt and equity houses badly placed to invest. Why?
- ▶ Risk profile too complex, uncertain and scale of risk transfer not good
- ▶ Find money that:
 - ▶ Has a track record on relationship
 - ▶ Will help deliver the project
 - ▶ Can move quickly
- ▶ On advisors, don't go for someone who has worked for one party
- ▶ Your advisors need to have acted for everyone-developers, investors, clients

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Contact details



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Andy Yuill

Natural Power



Applying for the Renewable Heat Incentive

Introduction to the RHI, Scottish Renewables, Glasgow

A Survivors Perspective

Date: 1st February 2017
Produced By: Andy Yuill.

Produced For: Scottish Renewables

75 GW

project experience
(and counting)

8,965,917

equivalent (UK) homes
powered

14 MtCO₂

abated annually

330+

renewable experts

32

countries of project
experience

Applying for the Renewable Heat Incentive

Before



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02/02/2017

Applying for the Renewable Heat Incentive

During



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02/02/2017

Natural Power's Experience

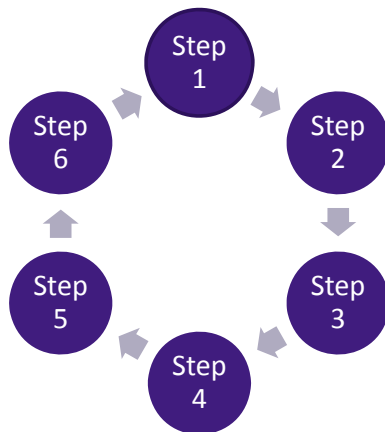
Increasing spiral of complexity




Simple Application
Complex Applications
Properly Insulated Pipe
Incorrectly Insulated Pipe
Deemed Heat Loss
Thermal Oil
Steam
Multiple Technologies
CHP
Multiple Applications
Biomethane

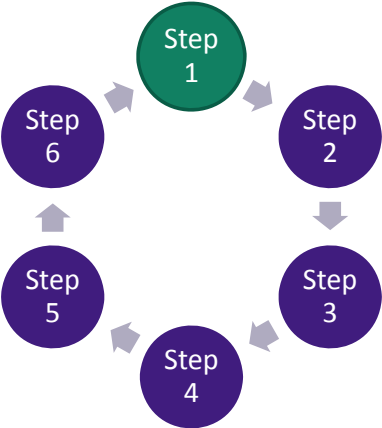
6 Step Programme

Guide to your RHI Journey




6 Step Programme natural power 

Step 1

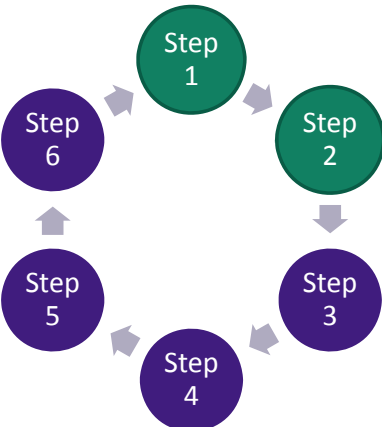


1. Apply Early

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6 Step Programme natural power 

Step 2

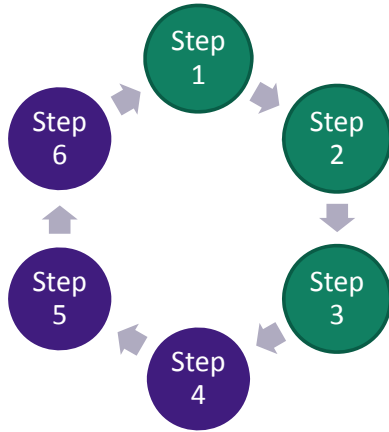


1. Apply Early
2. Read the Guidance

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6 Step Programme

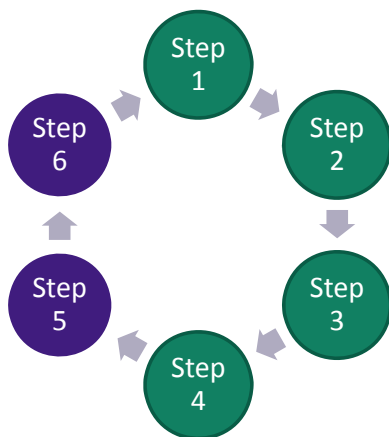
Step 3



- 1. Apply Early
- 2. Read the Guidance
- 3. Get Help

6 Step Programme

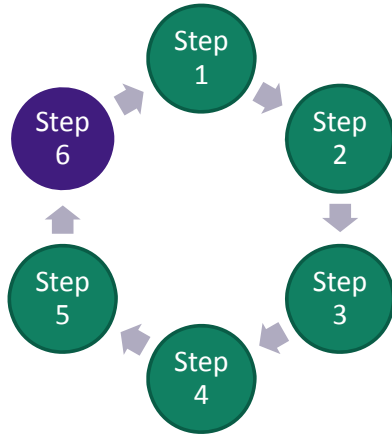
Step 4



- 1. Apply Early
- 2. Read the Guidance
- 3. Get Help
- 4. Be Confident

6 Step Programme

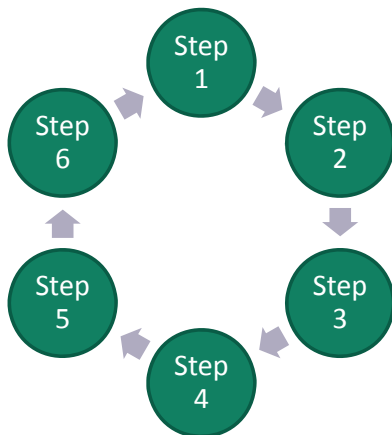
Step 5



1. Apply Early
2. Read the Guidance
3. Get Help
4. Be Confident
5. Be Patient

6 Step Programme

Step 6



1. Apply Early
2. Read the Guidance
3. Get Help
4. Be Confident
5. Be Patient
6. Think Long Term



Thanks for Listening
sayhello@naturalpower.com

01644 430 008

Andy Yuill – Senior Renewable Heat Manager

75 GW

project experience
(and counting)

8,965,917

equivalent (UK) homes
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14 MtCO₂

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renewable experts

32

countries of project
experience



Q & A



Navigating the Application Process



Paul Russell
Ofgem E-Serve



For more information

- If you have any questions, please contact us:
 - By telephone: 0300 003 2289 (the Non-Domestic RHI enquiry line is open Monday to Thursday 9am-5pm and to 4.30pm on Fridays). Please note: calls may be recorded
 - By email: rhi.enquiry@ofgem.gov.uk

Thank you for listening!

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Sustainability Requirements



James Woods-Segura

Ofgem E-Serve



Non-Domestic RHI sustainability requirements

James Woods-Segura, Policy Manager

01/02/2017



Overview

RHI sustainability requirements

- Policy rationale
- Who they affect and from when



Demonstrating compliance

- Routes of compliance
- When and how



The annual independent sustainability audit report

- Who and when

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Policy rationale

- Sustainable biomass is a cost-effective, low carbon source of renewable energy

The requirements will:

- help ensure the UK Government meets its carbon and green house gas (GHG) emission objectives
- contribute to the legally binding target to supply 15% of total energy consumption from renewable sources by 2020
- Help management and preservation of woodlands and other valuable ecosystems






Provides **value for money** for the taxpayer





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RHI sustainability requirements

- Came into force on **5 October 2015** 
- Apply to biomass fuel used from this date
- Apply to all participants who:
 - generate heat (or heat and power) from biomass or biogas 
 - produce biomethane for injection into the grid 
- The requirements are made up of:
 - a greenhouse gas (GHG) emissions limit
 - land criteria

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GHG and land criteria

- RHI regulations require participants to produce heat/biomethane with lifecycle greenhouse gas emissions of $\leq 34.8 \text{ gCO}_2(\text{eq})$ per MJ of heat generated or MJ of biomethane injected
- The methodology for calculating GHG values is aligned with the Renewables Energy Directive (RED)
- The land criteria considers factors associated with the land from which the biomass is sourced
- For **woody biomass** fuel the land criteria requirement is aligned with the Timber Standard 
- For **non-woody** fuels the land criteria requirement is aligned with the RED 

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Waste

- Waste as a fuel is deemed to be sustainable under the RHI regulations
- Participants using waste as a fuel **must** be able to demonstrate their fuel meets the regulatory definition of a waste
- The RHI regulations definition of waste **differs slightly** from the Environment Agency (EA) definition
- Participants must demonstrate that any 'waste' consignments meet the **RHI definition**



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Demonstrating compliance

There are four ways of demonstrating compliance

- 1. Biomass Suppliers List (BSL) / Sustainable Fuels Register (SFR)**
 - BSL – woody biomass only
 - SFR – non woody biomass only
- 2. Self-supply via the BSL (≤ 1 MWth)**
 - Woody biomass only
- 3. Self-report to Ofgem**
 - Biomethane plants and biogas installations must self-report
 - Biomass installations not using BSL/SFR fuels
- 4. Comply via Renewables Obligation (RO) scheme**

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BSL / SFR

Source from BSL / SFR



Self-supplying via BSL

- Source woody biomass from a permitted location

Application stage:

- Declaration of how you intend on complying with the requirements
- Provide BSL / SFR number(s)

Quarterly submissions

- Submission made along with meter readings
- Provide BSL / SFR numbers for fuels used
- Numbers are check with list administrators
- Participants may be asked to provide evidence (e.g. receipts etc.)
- Participants must retain all relevant evidence as this will be requested as part of site audits

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Self-reporting

Application stage:

- All biomass, biogas and biomethane applicants must submit a Fuel Measurement and Sampling (FMS) questionnaire
 - Lists consignments and provide relevant details
 - Outline mass balance approach (where necessary)



Quarterly submissions:

- Declaration of compliance with sustainability criteria
- Submission of GHG figure (per consignment)
- Declaration of compliance with land criteria



Annual submissions:

- Independent sustainability audit reports for some installations/plants



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Self-reporting cont.

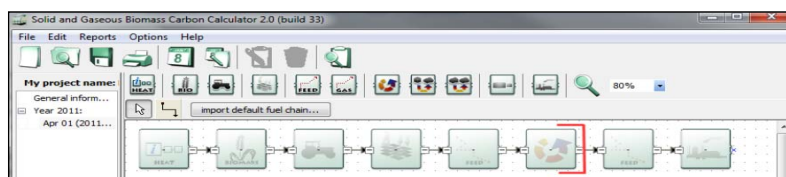
- Participants will be reporting on the carbon intensity of their fuel(s)
- Reporting must be on a consignment basis
- The RHI regulations provide the methodology for GHG calculations
- According to the methodology, the total carbon intensity of biomass is the sum of the following (minus any emission savings):
 - emissions from extraction or cultivation of raw materials
 - where applicable, annualised emission from carbon stock changes caused by land-use change
 - emissions from processing, transport and distribution

Example of a solid biomass to heat generation fuel chain: short rotation coppice pellets.



Self-reporting cont.

- Participants must determine which tool they use to calculate GHG emissions
- Common tool used – UK Biomass and Biogas Carbon Calculator
 - Designed to facilitate implementation of life cycle calculation methodology for reporting the carbon intensity of fuels
 - Automatically works out the total emissions of the module being edited and the contribution of that module to the overall fuel chain



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RO route

- This route of demonstrating compliance is only applicable to installations that:
 - are accredited under the Renewables Obligation (RO) scheme,
 - have an electrical capacity equal to or greater than 1MW, and
 - are complying with the sustainability requirements of the RO scheme
- The RHI team will verify any declarations made with the RO scheme

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Keeping records

- Participants must retain GHG emission calculations and land criteria compliance evidence
 - May be requested as part of a site audit
 - Will be requested by independent auditors for relevant installations/plants
- Participants must ensure their FMS regime is up-to-date and inform Ofgem of:
 - Any process changes
 - Any new consignments of fuels that will be used
- Records of all fuels used must be kept
- All fuels used in solid biomass installations must be listed on emissions certificate (which is required as part of an application)

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Sustainability audit reports



What is an annual sustainability audit report?

- A regulatory requirement and an ongoing obligation in order to remain compliant and continue to receive RHI payments
- The audit should be prepared in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised)
- A lack of supporting evidence for sustainability of fuels may lead to enforcement action, including reducing or withholding payments

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Sustainability audit reports

Who needs to provide these?

- All biomass (including waste) \geq 1MWth and are self-reporting
- All biogas installations \geq 1MWth
- All biomethane plants
- Must be prepared by a person who is not the participant and is not a connected person.
- The RHI regulations are clear that “connected person” means any person connected to the participant within the meaning of section 1122 of the Corporation Tax Act 2010.

Deadline

- The audit report must be submitted annually, within 3 months of the anniversary of the tariff start date.

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Sustainability audit reports

What needs to be verified?

- The audit provides independent assurance to Ofgem that the fuel classification and sustainability reporting is accurate
- It will also verify that evidence can be traced back through supply chain by use of an adequate chain of custody system for the entire annual reporting chain
- The auditor will be looking for:
 - **Traceability** of the information through the supply chain
 - **Completeness** of the data being reported - does it accurately identify individual consignments
 - **Consistency** in methodologies followed for calculating and reporting actual carbon data
 - **Accuracy** of the reporting party's collation and reporting of data

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Sustainability audit reports

What do I need to do now?

- Read the [Sustainability Audit Guidance for Participants and Auditors](#)
- Find out when your tariff anniversary date is and be prepared in advance to appoint an auditor and have all your paperwork in order.
- Ofgem will contact you to remind you that this needs to be submitted.

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Upcoming changes

Regulatory changes to take effect in spring 2017:

Feedstock requirements

- Apply to biogas installations and biomethane plants
- limit the payments issued for eligible heat (or biomethane) generated from biogas where less than 50% of the total biogas yield (by energy content) is derived from wastes or residues
- Participants will be required to make annual submissions of proportions
- Those of submitting annual sustainability audit reports will need to extend scope of report to account for these requirements (and associated calculations and evidence)

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Further information

The Department for Business, Energy and Industrial Strategy (BEIS) RHI team: rhi@beis.gov.uk

Ofgem Enquiries: rhi.biomass-sustainability@Ofgem.gov.uk 0845 200 2122

RHI main guidance documents:

- RHI Guidance Volume 1: Eligibility and how to apply
- RHI Guidance Volume 2: Ongoing obligations and payments
- RHI sustainability self-reporting guidance
- Fuel Measurement & Sampling (FMS) Guidance
- Sustainability Audit Guidance for Participants and Auditors
- FMS Questionnaire / FMS Questionnaire for biomethane producers
- Biogas and biomethane apportioning tool
- Important changes to the Non-Domestic RHI scheme

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Q & A



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