

[COMMERCIAL]

goheat
Part of Total Electrical Solutions



*GROUND & AIR
SOURCE HEAT PUMPS*

RENEWABLE HEAT INCENTIVE SCHEME

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OVERVIEW

INTERESTING FACTS



On 10 March 2011, the Government announced the details of the Renewable Heat Incentive Scheme, to revolutionise the way heat is generated and used in buildings and homes. This is the first financial support scheme for renewable heat of its kind in the world.

INTERESTING POINTS

- **£860m government scheme expected to increase green capital investment by £4.5 billion up to 2020, stimulating a new market in renewable heat;**
- **Incentive to increase number of industrial, commercial and public sector installations by seven times to 2020;**
- **A full system of RHI payments should be available to eligible households from Spring 2014; In the interim, more than a quarter of the first year's budget to be proposed for up to 25,000 eligible household installations through a "RHI Premium Payment" to encourage take-up;**
- **Support for a range of technologies and fuel uses including ground and water source heat-pumps.**
- **The RHI will reduce emissions by 44 million tonnes of carbon to 2020, equivalent to the annual carbon emitted by 20 typical new gas power stations.**
- **Over 95% of heat in the UK is currently produced by burning fossil fuel. With North Sea supplies now in decline leading to an increase in imports, low carbon alternatives are needed.**

In the first phase, long-term tariff support will be targeted in the non-domestic sectors, at the big heat users - the industrial, business and public sector – which contribute 38% of the UK's carbon emissions. The tariffs for these supported commercial sectors began in 2011. During phase one there has also been support for domestic households, through the Renewable Heat Premium Payment.

The second phase of the RHI scheme will see households moved to the similar format of long term support offered to the non-domestic sector in the first phase, although the tariffs are higher. This transition will be timed to align with the Green Deal and is intended to be introduced in 2014.



RHI TARIFF SCHEME: INDUSTRY, COMMERCIAL & PUBLIC SECTOR



- For the first time, the RHI makes funding available for the privately owned commercial application, such as offices, golf clubs, hotels, farms, care homes, bed & breakfasts, as well as publicly funded buildings including schools, hospitals, community centres and sports centres. The key classification of a business is whether the premises pays business rates.
- Communal projects will also be eligible, provided a single installation is providing heat to more than one house.
- The tariffs will be paid for 20 years to eligible technologies that have installed since 15th July 2009 with payments being made for each kWh metered of renewable heat which is produced.
- Heat metering will need to be installed to monitor usage, as such bi-valiant systems will be accepted.
- Once in the scheme, the level of support an installation will receive is fixed and adjusted annually with inflation. However, as with feed in tariffs, we expect the levels of support available for new entrants to the RHI scheme to decrease over time as the costs of the equipment and installation reduce through economies of scale.
- Support for a range of technologies and fuel uses including ground and water source heat-pumps. Air Source Heat Pumps will not be supported by phase one of the RHI.
- Support for industrial and the commercial sector; the public sector; not-for-profit organisations and communities in England, Scotland and Wales through the RHI tariffs.

The published tariff levels are only for non-residential systems. The tariffs have been designed to give a 12% return on investment, except for solar thermal where the figure is much lower (probably only about 5%). The table below shows the published tariffs for ground source heat pumps.



PROPOSED TARIFFS

THE FIGURES



The running cost of a well designed commercial GSHP system would be around 3.16p/kWh

Eligible Tech	Eligible Sizes	Current Tariff	Proposed Tariff 2014 /15
GSHP	Small (upto 100kW)	4.8p/kWh	8.9p/kWh for the first 1314 hours of operation. 2.3p/kWh above 1314 hours.
	Large (Over 100kW)	3.5p/kWh	10.2p/kWh for the first 1314 hours of operation. 2.3p/kWh above 1314 hours.

DECC at the end of May 2013 released a consultation (Non-Domestic Scheme Early Tariff Review) in which it is proposed to increase the levels of tariffs for ground source heat pumps. The key reason for the tariff review is that deployment to date of key technologies has been significantly below the original forecasts and therefore below the trajectories needed to remain on track to meeting the 2020 renewables target. The low deployment suggests the current tariffs offered through the RHI need to be changed if greater deployment is to be incentivised in the future.

It is therefore proposed to increase the tariffs to stimulate the deployment of certain technologies; ground source being one. DECC are proposing that from 2014 the GSHP tariff is changed to a tiered tariff approach. The use of tiered tariffs is designed to remove the incentive to over-produce and vent renewable heat.

Proposed GSHP (p/kWh for all heat output)		Tier 1 (First 15% of heat output)	Tier 2 (Any remaining heat)
Max	8.2	10.2	2.3
Min	7.2	8.9	2.3

The higher payment will be for the first 15% of heat pump output within the year. Any heat requirement above this will then be at the lower tariff of 2.3p/kWh.

CURRENTLY THIS IS A PROPOSAL HOWEVER IT IS EXPECTED TO BE RATIFIED IN 2014.



APPLICATION PROCESS

GET ONBOARD



To apply for the RHI commercial tariff the applicant has to create an on-line account at www.rhi.ofgem.gov.uk/.

In order to open an account the applicant will need Proof that the bank account provided is held in the name of the organisation/ company (e.g. Photocopy of a bank statement which shows the account name, address, sort code and account number with financial information blackened out).

The applicant will then be sent an email confirming that the account has been created, and a link that will need to be clicked on to change the password. After this is complete, the applicant will be able to start to complete the application.

In order to apply for accreditation the following information needs to be provided:

1. **Evidence of consent from the organisation to apply for the RHI.**
2. **For each plant, evidence showing installer details, date of installation, and serial number. This could be any one (or a combination) of the following:**
 - Receipts and/or invoices relating to the installation of the equipment
 - Commissioning certificate
 - Commissioning report
 - Photograph of the installation clearly showing the serial number of the equipment
3. **Evidence of non-single domestic status (e.g. multiple council tax bills, business rates bill, letter of exemption from local council).**
4. **Documents such as offer letters relating to grants paid in respect to the installation, and any documentary evidence of grants surrendered or repaid in full.**
5. **For each model of meter, a copy of the manufacturer's certification or equivalent that the meter meets the Class 2 standard and requirements as set out in the Guidance**



6. **A schematic diagram meeting the requirements as set out in the Guidance. This must include the following:**
 - All plants providing heat to the heating system, whether eligible or ineligible
 - All uses supplied with heat from the heating system, both eligible and ineligible.
 - The pipework connections between all plants and heat uses.
 - An indication of building boundaries and names/types
 - The positions of relevant hot water and steam meters and their associated components.
 - This is likely to require a key to allow the schematic to be fully and easily understood.
7. **A. Installations below 45kWth (solar thermal, heat pumps, solid biomass):** MCS or equivalent certificate

B. Installations of 46 - 999kWth with 'simple' metering:

If these conditions apply, please supply suitable evidence to confirm the installation exists.

For example, submission of scanned purchase invoices/orders, commissioning reports/certificates or similar evidence which contains relevant details regarding the application.

8. **Heat pumps only - Evidence e.g. a copy of the manufacturer's technical specification for the heat pump unit to support declaration of the heat pump's COP.**

ALL INSTALLATIONS

If you have had prior interactions with Ofgem regarding this installation, please provide any supplementary information as requested by Ofgem.

HEAT PUMPS

Please state the design conditions for the heat pump installation (both source and sink temperatures in °C). Ofgem require these to verify the Coefficient of Performance (COP) figure stated in the application.

Total Electrical Solutions will provide product technical

FACTS AT A GLANCE

THE INTERESTING SUMMARY



information required to support the application, simply contact us.

Commercial Tariffs for Ground Source Heat Pumps:

Eligible Tech	Eligible Sizes	Current Tariff	Proposed Tariff 2014 /15
GSHP	Small (upto 100kW)	4.8p/kWh	8.9p/kWh for the first 15% of operation. 2.3p/kWh above 1314 hours.
	Large (Over 100kW)	3.5p/kWh	10.2p/kWh for the first 15% of operation. 2.3p/kWh above 1314 hours.

PAYMENTS

Payments will be made to the owner of the renewable equipment, and will be paid for 20 years from the date of commissioning the unit. Payments will be inflation linked.

EXISTING INSTALLATIONS

Any installation which meets the RHI criteria which was commissioned after 15th July 2009 will be eligible for the RHI scheme.

PHASED APPROACH

The first phase of the RHI tariffs will only support non-domestic sectors.



HOW TO PROCEED?

YOU ARE INTERESTED



CONTACT US

Our expert advisors are on hand to perform site surveys free of charge and with no obligation to purchase, if you feel this investment opportunity is worth finding out more about, let us provide you with our full solar potential report, which will provide a realistic estimate of how much you can benefit from investment.

Our prices are very competitive, which allows you the investor, to benefit at the best possible rates of return.

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