



## **CUSTOMER STEP BY STEP: RENEWABLE HEAT PRODUCTS & FINANCE**

This guide aims to point you in the right direction of funding that is available for domestic customers who are considering installing renewable heat generation equipment in their homes. It is primarily aimed at those considering biomass, heat pumps and solar hot water heating.

As this is just our summary of what is out there we would always suggest that you follow the supplied links for full and accurate information.

If you are a business looking to install renewable energy heating, please contact us directly and we will discuss the steps and funding options with you. You will likely be eligible for the non-domestic Renewable Heat Incentive and we can help work out what this might mean for your business. We can also put you in touch with providers of low cost finance specifically aimed at businesses interested in installing renewable energy technology.

### **The Renewable Heat Incentive**

The RHI (Renewable Heat Incentive) is a government backed scheme to incentivise consumers to install renewable technologies in their homes and businesses including biomass, solar thermal and heat pumps. There are 2 schemes available: Domestic and Non-Domestic. Each scheme has different rules, application processes and tariffs. In the domestic scheme applicants receive quarterly payments for seven years based on the amount of energy their renewable heat system produces. For the non-domestic applicants the tariff rate is lower but payments last for 20 years.

For more information and to find out which scheme you qualify for please visit <https://www.ofgem.gov.uk/environmental-programmes/domestic-renewable-heat-incentive>

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## Domestic Customers

Follow the steps in this guide and find out how to claim your interest free loan and RHI payments.

### 1. Arrange a Green Deal Assessment and EPC (energy performance certificate).

You will need these in order to be eligible for the Renewable Heat Incentive. For a new build property you will not require a Green Deal Assessment but you will need an EPC. This cannot be carried out until your house is habitable.

To organise an assessment contact any Green Deal Advisor. Search for one or contact Colin MacGregor, based in Nairn, Morayshire:

[colinmacgregor@yahoo.co.uk](mailto:colinmacgregor@yahoo.co.uk)

Tel: 07768 464848

Assessments for a 3-4 bedroom property located in Moray start at £150.00. Colin will be able to advise and provide more information. The advisor may require that you carry out certain measures in your home such as cavity wall insulation or loft insulation, if these are suitable, before you will be eligible for the RHI. You may need to have your property re-assessed following installing these measures.

### 2. Calculate how much your RHI might be worth

We have summarised how to calculate estimated payments below based on a standard installation that does not require metering. For all installations payments are made quarterly for a period of 7 years. The tariff is regularly reviewed and could continue to decrease under a system known as degression, however you will remain on the tariff you begin with for the duration of your contract. This is a simplified calculation as payments are expected to rise in line with the Retail Price Index.

#### Biomass

Your payments will be based on the head load figures for your home from your EPC. The tariff from the 1<sup>st</sup> of January 2016 – 31 March 2016 is 5.14p for every kW your system is expected to generate in order to heat your home for a year.

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## Biomass RHI Payment Example

A four bedroom stone built house in the north of Scotland with double glazing and loft insulation but little other insulation. The EPC states that 40,000 kW will be required for space and water heating annually.

$$40,000 \times 5.14p = \pounds 2,056.00 \times 7 \text{ years} = \pounds 14,392.00$$

## Heat Pumps

The tariff for heat pumps is 7.42p/kWh and your payments will be based on the heat load figures for your home from your EPC. The RHI calculation will take into account the amount of electricity required to run the heat pump and will only be paid on the renewable element of the heat.

We will assume that the heat load from the EPC is 21,000 kWh and that the efficiency of the heat pump averaged over the year (SPF) is 3. In other words, the heat pump generates 3kWh of heat for every kWh of electricity used.

The RHI is only paid on the renewable element of the heat, not the electricity used. To find the renewable heat element divide the heat demand by the SPF:  $21,000 / 3 = 7,000$  kWh of electricity used to generate 21,000 kWh of heat for your home. In this case, the renewable heat element is 21,000 kWh – 7,000 kWh = 14,000 kWh.

$$14,000 \times 7.42p = \pounds 1038 \text{ per annum} \times 7 \text{ years} = \pounds 7271.60$$

## Solar Thermal (Solar Water Heating)

The RHI payments for Solar Thermal are based on figures provided by your installer rather than on your EPC. Although you will still need your EPC to claim! You will be given a generation estimate of the amount of kWh your system is expected to produce annually. For a 2 panel system, installed in a south facing direction you might expect it to produce 1350 kW per annum. The tariff for solar thermal is 9.51p. Therefore the calculation might be something like this:

$$1,350 \times 9.51p = \pounds 263.39 \text{ per annum} \times 7 \text{ years} = \pounds 1,843.70$$

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## 3. Finance

Interest free loans are available in Scotland for up to £10,000 depending on the technology you would like to install, to assist with installation costs. For further information call Home Energy Scotland. If you like the sound of it, request an application form.

(HES) 0808 808 2282 or follow this link.

<http://www.energysavingtrust.org.uk/scotland/Generating-energy/Getting-money-back/Home-Energy-Scotland-renewables-loan-scheme>

## 4. MCS Installer & Product

In order to claim RHI you must have your installation carried out by an MCS (Microgeneration Certification Scheme) and the products you install must also be MCS registered. Contact us as we are MCS registered, we will be happy to discuss your project and suggest the most suitable equipment for your home. We may arrange to survey your property in order to provide you with an initial quotation.

## 5. If applying for the renewables loan scheme: Submit your application

Submit your loan application with our quote to Home Energy Scotland for approval. When your application is approved you will have 3 months in which to carry out your installation.

## 6. Finalise installation requirements

Speak to us and obtain a finalised quote before completing our order form and deciding upon an installation start date. Initial deposit is due when placing an order.

## 7. Installation time!

We complete and commission your work. We provide you with an MCS certificate within 7 days of carrying out the works.

## 8. Receive your loan payment

If you applied for the home loan, submit your final invoice from us to Home Energy Scotland to receive your loan payment.

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## 9. Apply for your Renewable Heat Incentive (RHI)

Apply online through Ofgem.

<https://www.ofgem.gov.uk/environmental-programmes/domestic-renewable-heat-incentive>

All you will need to have at hand are your MCS certificate, your EPC and Green Deal Assessments and your bank details. The process should be quick and easy. Please note: it is a customer's responsibility to apply for the RHI and we cannot be involved in the application process other than providing guidance. The RHI contract is between a customer and Ofgem and we cannot be held responsible for any changes to payments and terms that Ofgem make.

## 10. Ongoing Servicing and Maintenance

We will automatically add you to our annual servicing and maintenance programme (you can opt out at any time). Meanwhile you can sit back and enjoy your warm home and your RHI payments.

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