

2016 No. 718

ENERGY

**The Renewable Heat Incentive Scheme (Amendment)
Regulations 2016**

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| <i>Made</i> - - - - | <i>7th July 2016</i> |
| <i>Laid before Parliament</i> | <i>11th July 2016</i> |
| <i>Coming into force</i> - - | <i>1st August 2016</i> |

The Secretary of State, in exercise of the powers conferred by sections 100(1) to (4) and 104(2) of the Energy Act 2008(a), makes the following Regulations.

In accordance with section 100(7) of that Act, the Secretary of State has obtained the consent of the Scottish Ministers to the making of these Regulations.

Citation and commencement

1. These Regulations may be cited as the Renewable Heat Incentive Scheme (Amendment) Regulations 2016 and come into force on 1st August 2016.

Amendments to the Renewable Heat Incentive Scheme Regulations 2011

2. The Renewable Heat Incentive Scheme Regulations 2011(b) are amended in accordance with regulations 3 to 5.

Amendment to regulation 39A (periodic support payments for new accredited RHI installations)

3.—(1) In regulation 39A(1), after “second relevant date” insert “, except where regulation 39B applies”;

(2) In regulation 39A(2), for “39C, 40 and 41” substitute “39C to 41”.

Amendment to regulation 39B (periodic support payments for CHP systems using biomass or biogas in combination with other sources of energy)

4. In regulation 39B(2), for “regulation 23(2) and 39C” substitute “regulations 23(2), 39C and 39D”.

(a) 2008 c.32; section 100 was amended by S.I. 2011/2195 and section 51 of the Infrastructure Act 2015 (c.7). Section 51 also amended section 105 of the Energy Act 2008 (Parliamentary control of subordinate legislation) and inserted subsections (3A) to (3I) concerning provisions which require the affirmative resolution procedure. These Regulations do not contain provisions of the kind described in those subsections.

(b) S.I. 2011/2860; relevant amending instruments are S.I. 2013/1033, S.I. 2013/2410, S.I. 2013/3179, S.I. 2014/1413, S.I. 2015/197 and S.I. 2016/257.

Periodic support payments for new solid biomass CHP systems

5. After regulation 39C, insert—

“Periodic support payments for new solid biomass CHP systems

39D.—(1) This regulation applies where—

- (a) an accredited RHI installation which is, or includes, a new solid biomass CHP system has a tariff start date on or after 1st August 2016; and
- (b) the power efficiency of the CHP system is lower than 20%.

(2) Subject to regulations 23(2) and 39C, the periodic support payment for the installation in respect of each quarterly period is to be calculated in accordance with the following formula—

$$(A \times B) + ((1 - B) \times (C \times D)) + E$$

where—

- (a) A is the periodic support payment calculated in accordance with regulation 39A or 39B in respect of the heat generated using solid biomass in the CHP system which meets the requirements of regulation 9A;
- (b) B is the figure, expressed as a decimal, derived from multiplying the power efficiency of the CHP system by 5;
- (c) C is the tariff, calculated in accordance with regulations 37 to 37D, that would apply if the CHP system ceased to be certified under CHPQA;
- (d) D is the kWhth of heat generated using solid biomass in the CHP system which meets the requirements of regulation 9A, calculated in accordance with regulation 39A(2)(b)(ii) or 39B(2)(b);
- (e) insofar as D relates to heat calculated in accordance with regulation 39A(2)(b)(ii), regulation 40 applies to the periodic support payment figure given by the calculation $(C \times D)$;
- (f) E is the sum of the periodic support payments, calculated in accordance with regulation 39A or 39B, in respect of any heat generated by the installation using biogas, biomass contained in waste, or other biomass used in a CHP system where regulation 9 applies.

(3) For the purposes of this regulation, the power efficiency of a CHP system is to be determined for each 12 month period beginning with 1st August and ending with 31st July (or for any part of that period) and is the power efficiency stated—

- (a) on the certificate issued under CHPQA in the calendar year in which that period begins; or
- (b) on the most recent certificate issued under CHPQA where a certificate has not been issued in the calendar year in which that period begins.”.

7th July 2016

Bourne
Parliamentary Under Secretary of State
Department of Energy and Climate Change

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Renewable Heat Incentive Scheme Regulations 2011 (“the 2011 Regulations”) which apply in Great Britain. The 2011 Regulations create a scheme under which support payments are made to producers of biomethane for injection and to owners of plants which generate heat for eligible purposes from specified renewable sources.

Regulations 3 and 4 of these Regulations amend the 2011 Regulations so that the provisions for calculating periodic support payments in regulations 39A and 39B are subject to the new provision for calculating payments for new solid biomass Combined Heat and Power (“CHP”) systems (as set out below).

Regulation 5 inserts a new regulation 39D into the 2011 Regulations, which makes provision for calculating quarterly periodic support payments for new solid biomass CHP systems which have a tariff start date on or after 1st August 2016 and have a power efficiency which is lower than 20%. Power efficiency in this regulation is the power efficiency percentage stated on the relevant certificate issued under the Combined Heat and Power Quality Assurance scheme (“CHPQA”), as set out in the new regulation 39D(3).

The formula in the new regulation 39D for calculating the payments provides that the heat generated using solid biomass in a CHP system (in accordance with regulation 9A of the 2011 Regulations) will only receive the new solid biomass CHP tariff for all of that heat where the CHP system achieves a power efficiency of at least 20%. Where the power efficiency is lower than 20%, the proportion of the heat which receives that tariff will be reduced in accordance with the reduction in power efficiency below the 20% threshold (for example, where a CHP system has a power efficiency of 15%, 75% of the heat generated using solid biomass will receive the new solid biomass CHP tariff). The periodic support payment for the remainder of the heat generated using solid biomass will be based on the standard solid biomass CHP tariff which applies where a biomass CHP system is not certified under CHPQA. The formula provides for payments calculated for heat generated using other sources of energy to be added to the payment calculated for the new solid biomass CHP system in order to give a total periodic support payment figure for the installation for each quarterly period.

The Explanatory Memorandum will be published alongside the instrument on www.legislation.gov.uk.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

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