

# Support Scheme for Renewable Heat

**Terms & Conditions** 



# 1. Context

- 1.1 This document sets out the Terms & Conditions for the Support Scheme for Renewable Heat (the Scheme).
- 1.2 The Scheme was approved by the Government on 5 December 2017. The Scheme Overview¹ sets out the structure and objectives of the Scheme, the types of supports to be provided by the Scheme and the high-level framework for the Terms & Conditions.
- 1.3 The Sustainable Energy Authority of Ireland (SEAI) are the Scheme administrators as determined by the Government and set out in the Scheme Overview.
- 1.4 As Scheme administrators, SEAI have developed these Terms & Conditions, which have been reviewed and approved by the Minister for Communications, Climate Action and Environment.
- 1.5 The Terms & Conditions apply until the final payment(s) are due under the Scheme or until the Terms & Conditions are amended/updated, whichever comes first.
- 1.6 SEAI will develop Scheme Operating Rules and Guidelines, within the framework of the Terms & Conditions, to provide clarity for applicants and to ensure the efficient operation of the Scheme. SEAI will update the Scheme Operating Rules and Guidelines, over the lifetime of the scheme, as required.
- 1.7 Nothing in the Terms & Conditions can override the Scheme Overview and should any inconsistency occur, the Scheme Overview shall take precedence. Similarly, nothing in the Scheme Operating Rules and Guidelines can override the Terms & Conditions or Scheme Overview.
- 1.8 The Terms & Conditions pertain to investment aid (installation grant) for eligible heat pump proposals.
- 1.9 SEAI will develop updated Terms & Conditions to encompass the operational support aspect of the Scheme (for biomass and anaerobic digestion heating systems) for review and approval by the Minister for Communications, Climate Action and Environment.
- 1.10 A glossary of definitions is set out in Schedule 1.

# 2. Support mechanisms

- 2.1 The Scheme will support eligible projects through one of the following support mechanisms.
- 2.2 An **operational support** (i.e. operating-aid) based on useable heat output in renewable heating systems in new installations or installations that currently use a fossil fuel heating system and convert to using the following technologies:
  - · Biomass heating systems; and
  - anaerobic digestion heating systems.
- 2.3 An installation grant (i.e. investment-aid): to support investment in renewable heating systems that use one of the following technologies:
  - air source heat pumps;
  - ground source heat pumps; or
  - water source heat pumps.

# 3. Operational support

Not currently applicable.

https://www.dccae.gov.ie/en-ie/energy/topics/Renewable-Energy/heat/Pages/Heat.aspx

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# 4. Installation grant

- 4.1 The installation grant will support up to 30% of the installation cost of eligible technologies, namely:
  - air source heat pumps;
  - ground source heat pumps; and
  - water source heat pumps.
- 4.2 Eligible costs will be determined by SEAI for each project by reference to the General Block Exemption Regulations. Article 41.6 of the General Block Exemption Regulations states that "the eligible costs shall be the extra (heating system) investment costs necessary to promote the production of energy from renewable sources". The applicant shall provide evidence of the extra costs at the time of application. Further detail on the procedures for determining eligible costs will be set out in the Scheme Operating Rules and Guidelines.

# 5. Applications

## 5.1 Eligible applicants

- 5.1.1 Participants must be a commercial, industrial, agricultural, public sector, district heating or other non-domestic heat user whose activities fall outside of the EU Emissions Trading System.
- 5.1.2 There are no minimum or maximum heat capacity limits for projects other than district heating where a minimum eligible size applies.
- 5.1.3 Applicants cannot be in receipt of other public funding for the same heat pump heating system. Where other support is in place, the applicant must demonstrate that there is no duplication of support.
- 5.1.4 Applicants that are in receipt of supports under the REFIT scheme will not be eligible for operational support under the Scheme.
- 5.1.5 Evidence of solvency and tax compliance must be provided.
- 5.1.6 Applications cannot be:
  - subject to an outstanding recovery order following a previous European Commission decision declaring the aid illegal and incompatible with the internal market or;
  - in difficulty as defined by Article 2(18) of the General Block Exemption Regulation.

#### 5.2 Application process

- 5.2.1 Applications will be made in writing/online to SEAI and will include, inter alia, project description, location, start/end dates, description of counterfactual. SEAI will set out the detail of the application process separately.
- 5.2.2 Any support granted will be for the specific purposes outlined in the application and payments will be capped based on the specific installation and approved use.
- 5.2.3 An application must define the asset demanding heat which must be identified by:
  - a physical boundary that fully incorporates the system(s) providing its purpose;
  - an energy balance accounting for and including all energy sources, energy use and energy demand;
  - encompassing energy services (i.e., desired outcomes that necessitate the consumption of energy).
- 5.2.4 No aid will be provided for any installation that is installed in order to meet a regulatory requirement.
- 5.2.5 Successful applicants will receive a letter of offer from SEAI.
- 5.2.6 The letter of offer for Scheme support must be accepted by the applicant before work on the project starts.
- 5.2.7 On completion and commissioning of the installation the applicant must notify SEAI, who, on verification of the installation eligibility, will approved payment.



- 5.2.8 In addition to the Scheme Operating Rules and Guidelines, each participant will be required to enter into a written agreement with SEAI in order to participate in the Scheme.
- 5.2.9 SEAI will be the arbiter in relation to the application process.

#### 6. Common Provisions

6.1 To be eligible for support under the Scheme applicants will need to comply with all relevant requirements set out in the Terms & Conditions and Scheme Operating Rules and Guidelines including ongoing obligations. It is a requirement of the Scheme that all installations and heat use must take place within the State.

## 6.2 Eligible heat

6.2.1 To qualify under the Scheme, heat must be both useful and used for eligible purposes.

#### 6.3 Useful heat

- 6.3.1 For the purposes of the Scheme, useful heat is defined as heat produced to satisfy an economically justifiable heat demand.
- 6.3.2 Economically justifiable heat demand is defined as a heating demand that does not exceed that which would otherwise be satisfied at market conditions by heat generation processes other than the renewable proposal.
- 6.3.3 In the case of heat pumps, justifiable heat demand is incorporated within the energy service requirement and energy efficiency criterion. SEAI retain the right to decide if the proposed heat is useful for Scheme purposes and further guidance on the criteria for assessment of useful heat will be provided in the Scheme Operating Rules and Guidelines.

### 6.4 Eligible purposes

- 6.4.1 For the purposes of the Scheme, eligible purposes are defined as heat used for one or more of the following purposes:
  - heating a space: including rooms or other enclosed spaces within buildings, typically through the supply of hot liquid to heat emitters, such as radiators and underfloor heating;
  - heating water that is used within a commercial, agricultural, public sector or industrial building or district heating scheme; or
  - process heat: in the form of steam or hot water for processes such as industrial cooking, pasteurisation, chemical manufacture and agriculture.
- 6.4.2 The following purposes will not be eligible heat uses under the Scheme:
  - heating for the use of single domestic dwellings whether associated with another commercial heat use or not (e.g. single domestic dwellings connected to an office, shop, farm or other heat use are not eligible);
  - direct heating of external surfaces;
  - heating of open or partially open external spaces, e.g. recreational facility, partially enclosed work area or swimming pools;
  - swimming pools in single domestic dwellings;
  - drying digestate from an AD plant;
  - wood fuel drying;
  - the generation of electricity;
  - pasteurisation purposes in AD plants; or
  - other purposes determined by SEAI.
- 6.4.3 The Scheme Operating Rules and Guidelines will set out additional requirements in respect of eligible or ineligible purposes. Should there be any lack of clarity in relation to eligibility for the Scheme, SEAI will determine eligibility.



# 6.5 Heat Use in Buildings

- 6.5.1 For the purposes of the Scheme, a building is defined as 'any permanent or long-lasting building or structure of whatever kind and whether fixed or moveable which, except for doors and windows, is wholly enclosed on all sides with a roof or ceiling and walls '.
- 6.5.2 Tents, polytunnels and similar structures which are erected on a temporary basis will not be eligible under the scheme.
- 6.5.3 The Scheme will not support the production of renewable heat with purpose to meet the requirements of existing or new building regulations. The Non-Domestic Energy Assessment Procedure (NEAP) is the methodology for demonstrating compliance with specific aspects of Part L of the Building Regulations, including calculating the renewable energy ratio for the actual building and reporting the result on the compliance output report for comparison against a minimum required value. Renewable heat generated to meet the minimum renewable energy compliance level will not be eligible. Useful heat produced over and above the regulatory requirement may be eligible for support.
- 6.5.4 The Scheme Operating Rules and Guidelines will set out further details regarding heat use in buildings.
- 6.5.5 For the Scheme, eligible spaces will be defined by reference to the Building Regulations and the Building Regulations Technical Guidance Document B, Fire Safety 2006.
- 6.5.6 Eligible spaces will include institutional residential (group 2a) and other residential (group 2b), offices (group 3), shops (group 4a), shopping centres (group 4b), and some assembly and recreation buildings (group 5), industrial buildings (group 6) and storage buildings (group 7a).
- 6.5.7 Single residential dwellings (group 1) will not be eligible for support.
- 6.5.8 Heating of multiple domestic properties may be eligible if part of a district heating scheme.

#### 6.6 Energy Efficiency Criteria

- 6.6.1 Applicants must demonstrate that buildings and heat-using processes adhere to (and continue, for the period of support, to adhere to) verified energy efficiency criteria.
- 6.6.2 In all cases the applicant must demonstrate that the specific heat pump proposal can deliver the desired heat output taking into account the specific building U-values.
- 6.6.3 For heat pump applications providing space and water heating, minimum building heat loss criteria apply.
- 6.6.4 Buildings that achieve the 2008 Building Regulations Technical Guidance Document L, Table 2 Elemental Heat Loss Method: Maximum average elemental U-value (w/M2K), for roofs walls and windows, or better, are deemed as meeting the minimum heat loss criteria.
- 6.6.5 Where buildings do not meet the 2008 Building Regulations heat loss criteria for new buildings they may qualify by achieving EXEED Certified, including a major energy upgrade, and they must demonstrate that the specific heat pump proposal can deliver the desired heat output.
- 6.6.6 Renovated buildings that do not meet the Table 2 elemental U-values for roofs, walls and windows will not be eliqible without EXEED Certified.
- 6.6.7 Building automation and control systems are required for all buildings of more than 290kW.
- 6.6.8 Energy efficiency works should comply with all Parts of the Building Regulations, including Part L Conservation of Fuel and Energy, Part B Fire, Part F Ventilation, Part D Materials and Workmanship, as well as other Building Control Regulations as required.
- 6.6.9 To qualify for support under the Scheme energy performance and energy management criteria can be demonstrated by certification to the SEAI EXEED Certified standard or by otherwise demonstrating compliance to



equivalent criteria. This applies for any asset, including those undertaking a major energy upgrade, major renovation, and brownfield or greenfield investments. The Scheme Operating Rules and Guidelines will specify the necessary information required of the asset, its present and forecasted energy performance and provision for energy management.

## 6.7 Baseline Energy Performance

- 6.7.1 In line with ISO50001 and IS399 energy performance is defined as measurable results related to energy efficiency, energy use and energy consumption.
- 6.7.2 The operator of an existing asset must provide evidence of actual heat energy consumption over a full seasonal cycle (typically one year).
- 6.7.3 Where available and appropriate, comparison with industry benchmarks and/or best practice is recommended, such as EU BREF published benchmark data or equivalent. The Scheme Operating Rules and Guidelines will provide further information on energy performance measurement and accepted benchmarks. Alternative benchmark information can be included with an application with source reference and affiliation.
- 6.7.4 For new or significantly changed assets, the operator must submit forecasted energy performance and an annual energy consumption profile as an output of the design process.
- 6.7.5 An energy balance study must be completed by the operator that establishes a baseline of the overall extent of energy use and consumption and which identifies, at a high level, opportunities for energy performance improvement.
- 6.7.6 All applications must include a robust energy profile forecast.

#### 6.8 Energy Performance Improvement Actions

- 6.8.1 As a minimum, energy performance improvement action will be necessary if the building average U-value is outside the threshold set for heat pump installations (see section 6.6) or if the baseline energy performance exceeds benchmark level.
- 6.8.2 The operator must present documented evidence that they have challenged the heating service, at the asset level, including: the energy service requirement; the process delivering the energy service(s); optimal selection of equipment, including suitable technologies, control systems and plans for commissioning, operation and maintenance.
- 6.8.3 The operator must present a clear heat energy requirement calculation and comparison with best practice for the proposed use.

## 6.9 Energy Management

- 6.9.1 The operator must provide a heat energy measurement plan that includes metering requirements and ongoing energy performance measurement and monitoring.
- 6.9.2 Applicants must present evidence that demonstrates the effectiveness of the energy management process in place, or proposed in the case of new operations, and the ongoing energy efficiency improvement targets.

#### 6.10 Energy Efficiency Evaluation

- 6.10.1 A qualitative evaluation methodology will be used to assess energy performance for all proposals other than buildings that qualify by way of a minimum threshold average U-Value.
- 6.10.2 Where an applicant is pursuing SEAI EXEED Certified, the application must include a current revision of the following EXEED outputs, which will then be incorporated within the evaluation process:
  - Project Execution Plan;
  - Energy Balance Study; and



- Opportunities Register.
- 6.10.3 Applications qualifying by pursuance to SEAI EXEED Certified are required to attain certification within an agreed timeframe of 18 months.
- 6.10.4 Where an applicant is not pursuing SEAI EXEED Certified the application must include an equivalent qualitative evaluation for energy performance and will be subject to ongoing inspection by the SEAI.
- 6.10.5 Applicants will be informed of the outcome of the proposal evaluation. Unsuccessful applicants can address deficiencies and reapply if the scheme remains open.

#### 6.11 Heat Measurement

- 6.11.1 Heat meters will be required for all installations to measure and validate eligible heat. Electricity meters will also be required in the case of heat pumps.
- 6.11.2 All meters and metering systems shall comply with the Measuring Instrument Directive (2014/32/EU) and the Measuring Instruments Statutory Instrument (European Conformity Assessment of Measuring Instruments)
  Regulations 2018 (S.I. No. 2 of 2018) and must be certified to accuracy Class 2.
- 6.11.3 Participants must ensure that the meters are installed, commissioned, calibrated and maintained appropriately.
- 6.11.4 Some projects may require multiple meters to accurately measure qualifying heat. Where a fossil-fuelled back-up plant is present, it will need to be metered separately and must not contribute towards the heat generation meter readings of the Scheme eligible plant. The requirement for meters and meter readings will be established by SEAI for each project.
- 6.11.5 Participants must retain documented evidence demonstrating ongoing compliance (including maintenance and calibration records and meter readings), which will be subject to inspection by SEAI.
- 6.11.6 SEAI retain the right to access and use the relevant meter data to evaluate ongoing compliance with the Scheme and to compile the data in appropriate anonymised form for reporting purposes.

# 7. Heating technology (equipment)

7.1 Plant constituting the installation must be purchased and installed as new after the date of application for Scheme support.

#### 7.2 Heat pumps

- 7.2.1 Heat pump installations must measure electrical input to the heat pump system and must meet the minimum energy performance requirements laid out in Commission Regulations with regards to Eco-Design Requirements for Space Heaters and Combination Heaters.
- 7.2.2 Heat pumps must have a seasonal coefficient of performance (SCOP) of at least 2.5. The methodology for calculating the seasonal coefficient of performance for heat pumps is provided in European Standard EN 14825 (2016).
- 7.2.3 To qualify under the Scheme, heat pumps may utilise energy stored in the form of heat in outdoor air, beneath the ground or in surface water, provided the heat is subsequently transferred by liquid or steam. Air is not allowed as a heat transfer medium.
- 7.2.4 As described in Commission Decision 2013-114-EU, heat pumps which extract heat from outdoor air which includes a portion of exhaust air, will be considered.
- 7.2.5 MIS 3005 provides guidance for sizing heat pumps under 45 kWth. CIBSE Guide B and BSRIA Building Applications Guide BG 7/2009 should be referred to for the design of larger systems.
- 7.2.6 SEAI will give guidance in the Scheme Operating Rules and Guidelines.



#### 8. Installation standards

8.1 The applicant must engage a competent contractor to carry out the supported measure. The contractor must be certified by an accredited training programme or training provider at the time of works. All works must be carried out in accordance with supplier specifications and relevant regulations.

# 9. Sustainability

Not currently applicable. Will be covered in the updated Terms & Conditions to encompass the operational support aspect of the Scheme, for biomass and anaerobic digestion heating systems.

# 10. Air quality standards

Not currently applicable.

# 11. Biomass fuel quality

Not currently applicable.

## 12. Payments

- 12.1 There will be an annual Scheme budget cap set as part of the annual exchequer budgetary process and an assigned project support level cap both of which will limit the level of payments approved over the scheme duration.
- 12.2 Total investment aid to any one project will not exceed €1 million.
- 12.3 When a project is approved under the Scheme, SEAI will set out deemed eligible costs and installation grant offer in the letter of offer.

#### 12.4 Operational support

Not currently applicable.

#### 12.5 Installation grant

The installation grant eligible costs will be approved based on an evaluation of the submitted proposal clearly outlining the cost estimates of both the heat pump proposal and a credible non-renewable alternative.

# 13. Ongoing participant obligations

- 13.1 SEAI retain the right to cease all payment and to seek reimbursement if the Terms & Conditions are not honoured.
- 13.2 All scheme participants are obliged to facilitate site and document inspection by SEAI.

#### 13.3 Operational support

Not currently applicable.

# 13.4 Installation grant

13.4.1 Recipients of the installation grant must submit a full annual seasonal performance factor calculation for each of the first five years of operation including an outline of the range of Coefficient of Performance achieved each year. The submission should include all relevant heat and electricity meter readings and data. This should be accompanied by evidence of the heat energy performance management process (such as documented records of actions taken to maintain and improve performance and maintenance records). SEAI may determine that an extended reporting



period is required, based on the type and cost of the installation.

# 14. Transparency

- 14.1 In accordance with EU State Aid guidelines, the SEAI will publish the following Scheme information for individual aid awards equal to or greater than €500,000:
  - the identity of the beneficiaries;
  - the form and amount of aid granted;
  - the date of granting;
  - the type of undertaking (SME/large company);
  - the region in which the beneficiary is located (Border, Midland and Western or Southern and Eastern); and
  - the principal economic sector in which the beneficiary has its activities.
- 14.2 This information will be published after the decision to award aid has been taken. The information will be maintained for at least 10 years and will be available to the general public without restriction.



# Schedule 1 – Definitions

Term	Meaning
ABP	Animal by-product
ABP Regulations	Regulation (EC) No 1069/2009 of the European Parliament and of the Council of 21 October 2009 laying down health rules as regards animal by-products and derived products not intended for human consumption and repealing Regulation (EC) No 1774/2002 (Animal by-products Regulation);  Commission Regulation (EU) No 142/2011 of 25 February 2011 implementing Regulation (EC) No 1069/2009 of the European Parliament and of the Council laying down health rules as regards animal by-products and derived products not intended for human consumption and implementing Council Directive 97/78/EC as regards certain samples and items exempt from veterinary checks at the border under that Directive Text with EEA relevance; and  European Union (Animal By-Products) Regulations 2014 (SI No 187 of 2014)
AD	Anaerobic digestion
General Block Exemption Regulation	Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty Text with EEA relevance
Building Regulations	the Building Control Acts 1990 to 2014;
	the Building Regulations Act 1997 to 2013; and
	Building Control Regulations 1997 - 2014
BREF	Best available techniques reference documents, developed in accordance with Directive 2008/1/EC of the European Parliament and of the Council of 15 January 2008 concerning integrated pollution prevention and control and Directive 2010/75/EU of the European Parliament and Of the Council of 24 November 2010.
BSRIA Building Applications Guide BG 7/2009	BSRIA Limited's Building Applications Guide BG 7/2009
BSRIA Building Applications Guide BG 1/2008	BSRIA Limited's Building Applications Guide BG 1/2008
BSRIA Building Applications Guide BG 2/2007	BSRIA Limited's Building Applications Guide BG 2/2007
CIBSE Guide B	Guide B, published by the Chartered Institution of Building Service Engineers
CIBSE AM12	Guide AM12 Combined Heat and Power for Buildings (CHP), published by the Chartered Institution of Building Service Engineers
CIBSE AM15	Guide AM15 Biomass Heating, published by the Chartered Institution of Building Service Engineers
Class 2	Has the meaning given to it in the Measuring Instruments Directive
Commission Communication	Communication from the Commission — Guidelines on State aid for environmental protection and energy 2014-2020
Commission Decision 2013/114/EU	2013/114/EU: Commission Decision of 1 March 2013 establishing the guidelines for Member States on calculating renewable energy from heat pumps from different heat pump technologies pursuant to Article 5 of Directive 2009/28/EC of the European Parliament and of the Council (notified under document C (2013) 1082) Text with EEA relevance



Term	Meaning
Commission Regulation with regards to Eco- Design Requirements for Space Heaters and Combination heaters	Commission Regulation (EU) No 813/2013 of 2 August 2013 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to eco-design requirements for space heaters and combination heaters
Cross Compliance Requirements	The cross-compliance requirements set out by DAFM
DAFM	Department of Agriculture, Food and the Marine
Department or DCCAE	The Department of Communications, Climate Action and Environment
District Heating	A system consisting of a central heat source with a useful heat capacity of 70kW or higher and a network of at least two different final users operating with heat consumption meters at the point of delivery or the heat exchanger. The heating system must distribute thermal energy in the form of steam, hot water or other liquid heat medium, from a central source of production through a network to multiple buildings or sites, for the use of space, water or process heating. All users must have a commercial (consumption based payment) contract with the heat producer
Eco-Design Statutory Instrument	European Union (Eco-design Requirements for Certain
	Energy-Related Products) (Amendment) Regulations
	2016 (S.I. No. 228 of 2016)
EXEED Certified	The Excellence in Energy Efficiency Design programme operated by SEAI
HE CHP	High efficiency combined heat and power
kWh, kWht	Kilowatt hours, kilowatt hours thermal energy
LULUCF	Regulation of the European Parliament and of the Council on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change
Measuring Instruments Directive	Directive 2014/32/EU of the European Parliament and of the Council of 26 February 2014 on the harmonisation of the laws of the Member States relating to the making available on the market of measuring instruments
Measuring Instruments Statutory Instrument	Legal Metrology (European Conformity Assessment of Measuring Instruments) Regulations 2018 (S.I. No. 2 of 2018)
Minister	The Minister for Communications, Climate Action and Environment, unless otherwise stated
MIS 3004	Microgeneration Installation Standard: MIS 3004
MIS 3005	Microgeneration Installation Standard: MIS 3005
MIS 3007	Microgeneration Installation Standard: MIS 3007
MIS 3007-2	Microgeneration Installation Standard: MIS 3007-2
MWh	Megawatt hours
Nationally Determined Contribution	Has the meaning given to it in LULUCF
NEAP	The Non-Domestic Energy Assessment Procedure



Term	Meaning
Scheme Operating Rules and Guidelines	The operating rules in respect of the Scheme, which Scheme participants will be required to adhere to
Paris Agreement	The global agreement on climate change that was agreed in Paris on 12 December 2015
REFIT Scheme	The Renewable Energy Feed-in Tariff scheme
RESS Scheme	The Renewable Energy Support scheme
Renewable Energy Ratio	Has the meaning given to it in NEAP
SBEM	Simplified Building Energy Model
SEAI	Sustainable Energy Authority of Ireland
Scheme Overview	The scheme overview of the Scheme, approved by Government
SME	Small and medium enterprise
Terms & Conditions	The Terms & Conditions as set out in this documents in respect of the Scheme which have been developed by SEAI and reviewed and approved by the Minister.
UNFCCC	United Nations Framework Convention on Climate Change
U-Value	Measure of the heat transmission through a building element (W/m2K).
Waste Directive	Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (Text with EEA relevance)