Levels of support					
Tariff name	Eligible technology	Eligible sizes	Tariff rate (pence/ kWh)	Tariff duration (Years)	Support calculation
Small	Solid biomass; Municipal Solid Waste (incl. CHP)	Less than 200 kWth	Tier 1: 7.6	20	Metering. Tier 1 applies annually up to the Tier Break, Tier 2 above the Tier Break. The Tier Break is: installed capacity x 1,314 peak load hours, i.e.: kWth x 1,314
biomass			Tier 2: 1.9		
Medium biomass		200 kWth and above; less than 1000 kWth	Tier 1: 4.7		
			Tier 2: 1.9		
Large biomass		1000 kWth and above	2.6		Metering

Understanding the Tier 1 and Tier 2 structure for small & medium biomass

A 30kW biomass installation (e.g. a pellet boiler in a small school) generates 45MWh (or 45,000kWh) of heat in a particular year. Its "Tier Break" can be determined by multiplying 30kW x 1,314h = 39,420 kWh. It will receive

- the Tier 1 tariff for first 39,420kWh, i.e. 39,420kWh x 7.6p/kWh = £2,995.92
- the Tier 2 tariff for the remaining 5,580kWh, i.e.
 5,580kWh x 1.9p/kWh = £106.02

In other words, the 30kW biomass boiler will receive a total of £3,102 in RHI tariff payments.

The idea behind the tier structure is to avoid providing an incentive for using more heat than necessary. The Tier 1 tariff of 7.6p/kWh is higher than the typical cost of biomass fuel (usually wood chip or pellets). If this tariff was paid for all heat generated then there would be a financial incentive to burn as much wood as possible, even if the heat is not needed. The Tier 2 tariff is lower than the typical cost of biomass fuel. By paying the higher Tier 1 tariff for a fixed amount of the heat generated, and Tier 2 for the rest, the scheme hopes to ensure that tariffs make the generation of useful renewable heat attractive without providing an incentive to produce more heat than needed.