

FAQs on UK Government Feed-in-Tariffs

Last updated 13 February 2012

The following FAQs are based on the recent publishing of the UK Government's solar FIT review response and two consultations relating to Feed-in-Tariffs.

Please note that these tariffs only apply to England, Wales and Scotland. Northern Ireland has not yet taken a decision on Feed In Tariffs.

Further information available at:

www.energysavingtrust.org.uk/Generate-your-own-energy
www.decc.gov.uk/fits

Important solar PV update

The UK Government appeal against a High Court decision- ruling that the Solar PV FITs Fast Track review was unlawful in January 2012- was unsuccessful. However, this is not the end of the matter as the UK Government is currently seeking permission to appeal the decision to the Supreme Court. In light of this they cannot rule out the possibility that lower tariffs (21p) could be applied to solar PV installations which became eligible for FITs on or after the proposed reference date of 12 Dec 2011. As such there is still uncertainty over which tariffs householders will get if their eligibility date is on or between 12 Dec 2011 and 2 March 2012.

Key advice for householders –

- Regardless of what some installers may tell householders there is **no guarantee** that householders will get the higher (43.3p/kWh) rate if their eligibility date is on or between 12 Dec 2011 and 2 March 2012. Customers who install on the assumption of the higher rate do so at their own risk.
- The actual tariff applied to installations with an eligibility date of on or between 12 Dec 2011 and 2 March 2012 **won't be confirmed until the legal process has been completed**. The UK Government had 28 days from the judgment to lodge an appeal with the Supreme Court.
- UK Government have confirmed that should they win their appeal then the FIT rate they finally decide upon will NOT be lower than 21p/kWh.
- Householders should therefore plan on the basis that **at the very least they will get 21p/kWh**
- Householders with an eligibility date of 3 March 2012 until the date of the next tariff change (under consultation) will get 21p/kWh though **for installations with an eligibility date of 1 April 2012 onwards there is a condition for energy saving measures**
- Solar PV installations with an eligibility date of **1 April onwards will only get the 21p/kWh if they provide evidence that the property meets EPC Band D level or better**. If this evidence is not provided then the applicable tariff is 9p/kWh.

FAQs

What are Feed-in-Tariffs?

This is the UK Government's support mechanism for renewable electricity generating technologies, less than 5MW in size. As part of this scheme, generators:

- Receive a fixed amount for each kWh they generate regardless of how that electricity is used. This is called the **generation tariff**.
- Receive an additional fixed payment per kWh that is exported to the grid (not applicable to systems not connected to the grid). This is called the **export tariff**.
- Benefit from avoided electricity costs where the electricity they produce is used within their own property.

Why do generators/consumers get both a generation AND an export tariff?

There are several reasons for this. The generation tariff (and to some extent the export tariff) are there to encourage consumer take up of microgeneration technologies. As these installations free up the grid network, the export tariff is there to support the grid when electricity generated isn't being used in the property. In short, the export tariff is there to ensure that surplus electricity isn't wasted and is there to encourage generators to export to grid.

How does it work?

The incentive provides a fixed payment from the electricity supplier for every kilowatt hour (kWh) of electricity generated and a guaranteed minimum payment for every kWh exported to the wider electricity market. Generators receiving FITs will also benefit from on-site use: where they use the electricity they generate on-site they will be able to offset this against electricity they would otherwise have had to buy.

Which technologies are eligible?

The scheme supports the following up to the 5MW limit:

- anaerobic digestion,
- hydro,
- solar photovoltaic (PV)
- and wind projects
- domestic scale mCHP (2kW or less) up to 30,000 units as part of a pilot

What are the latest tariff levels?

The table below summarizes the current situation for householders installing solar PV. Also included is a table on current and proposed rates for all other renewable electricity technologies.

Solar PV (<4kW retrofit) eligibility dates and tariffs available

Result of UK Government appeal (assuming they do appeal to the Supreme Court) <u>Solar PV tariffs based on systems <4kWp</u>		
Eligibility Date (Dates when the FIT Licencee receives a complete FITs application)	Successful	Unsuccessful
Pre 12 Dec 2011	43.3p/kWh for 25 years (not affected by these changes)	
12 Dec 2011 – 2 March 2012	43.3p/kWh for all electricity generated until 31st March 2012, 21p/kWh for all electricity generated from 1 April 2012 (consultation proposal)	43.3p/kWh for all electricity generated until a date to be specified, for 25 years
3 March 2012 – 31 March 2012	43.3p/kWh for electricity generated until 31st March 2012, 21p/kWh for all electricity generated from 1 April 2012 (consultation proposal)	
1 April 2012 – 30 June 2012	21p/kWh if property has an EPC band D or above. 9p/kWh if property cannot achieve EPC band D	
1 July 2012 onwards	16.5p/kWh – 13.6p/kWh (tbc). Rates will depend upon the total installed capacity between 3 March and 30 April 2012. <u>This is only a proposal and is still under consultation.</u> EPC band D or above requirements still expected otherwise tariff drop down to the tariff received by stand alone systems (currently 9p/kWh).	

Example

If a householder installed a solar PV system on 4 March 2012 then applied for FITs on 10 March (by submitting application form along with MCS certificate etc) then their eligibility date will fall within the 3 March – 31 March band. Householder would receive 43.3p/kWh for electricity generated until 31 March 2012 and then 21p/kWh (index linked) from 1 April 2012 on for the remaining 25 year lifetime.

If the same example applied after 1 April then they would need to prove their property was at least a band D to receive 21p/kWh, otherwise they will receive 9p/kWh.

Note that the table above is also applicable to other solar PV sizes e.g. 4-10kWp and for PV installations on new build properties up to 10kWp. To calculate simply replace the 43.3p/kWh rate with the current rate from table below and the 21p/kWh rate with the new rate for that scale. Full tariff bands for PV below based on size.

Solar PV tariff changes (confirmed)

Band (kW)	Current generation tariff (p/kWh)	New generation tariff from 1 April 2012 (p/kWh)
4kW (retrofit)	43.3	21.0
4kW (new build)	37.8	21.0
4-10kW	37.8	16.8
10-50kW	32.9	15.2
50-100kW	19	12.9
100-150kW	19	12.9
150-250kW	15	12.9
250kW-5MW	8.5	8.9
Stand alone*	8.5	8.9

* Not electrically connected to the property. Can be on-grid or off-grid

The UK Government are also consulting on changes to the FIT rates for renewable electric technologies other than solar PV from 1st October 2012 as follows:

Renewable electricity technologies (current and proposed tariffs)

Technology	Tariff band (kW capacity)	Current tariffs (i.e. no change to current policy)	Proposed tariffs from Oct 2012
Hydro	≤15	22.0	21.0
	>15-≤100	19.7	19.7
	>100-≤2000	12.1	12.1
	>2000-≤5000	4.9	4.5
Wind	≤1.5	35.9	21.0
	>1.5-≤15	28.1	21.0
	>15-≤100	25.4	21.0
	>100-≤500	20.7	17.5
	>500-≤1500	10.4	9.5
	>1500-≤5000	4.9	4.5
Anaerobic Digestion	≤250	14.7	14.7
	>250-≤500	13.7	13.7
	>500-≤5000	9.9	9.0
Micro-CHP	≤2 kW	11.0	12.5

The current tariff levels are indicative only for 1 April onwards as the official tariff rates for 2012/13 will be calculated and published by Ofgem by 1 March 2012 to take into account any changes due to inflation.

The UK Government is also consulting on whether the new requirement for an EPC Band D or better which is being introduced for solar PV installations from 1st April 2012 should be applied to other technologies supported through the FIT. They state that 'We proposed to revisit this question in the future, in the light of emerging policy on energy efficiency and the Green Deal.'



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Export tariff

The export tariff in 2011-12 is 3.1p/kWh for each kWh exported back to the grid.

All generation and export tariffs will be linked to the Retail Price Index (RPI). This means that the tariffs will rise in line with inflation, ensuring that their value does not decrease over time. These changes are applied as of 1 April each year.

NEW ENERGY EFFICIENCY REQUIREMENTS

Why is there a new requirement to have your property up to an EPC band D?

This is only confirmed for solar PV and is effective from 1 April though it may also apply to wind turbines and microCHP in the future (both currently under consultation). The UK Government remains convinced of the case for making eligibility for the standard tariffs for solar PV conditional on a building meeting a specified minimum energy efficiency requirement. UK Government states that this is because reducing demand for energy is one of the most cost-effective ways of reducing carbon emissions and therefore a process that should be prioritised before installing microgeneration such as solar PV.

How do I get an EPC rating?

To obtain an EPC contact a member of an Approved Organisation. Contact details of Approved Organisations can be found at

Scotland

<http://www.scotland.gov.uk/Topics/Built-Environment/Building/Building-standards/profinfo/epcintro/epcguidadvice>

Rest of UK

<https://www.epcregister.com/searchAssessor.html>

Additional information is available here (not Scotland)

<http://www.direct.gov.uk/en/HomeAndCommunity/BuyingAndSellingYourHome/Energyperformancecertificates/index.htm>

How much does an EPC cost?

The cost of an EPC can vary. You may wish to request an estimate from an EPC provider before commissioning an EPC.

I had an EPC done a while ago but I cannot find it anywhere. Where can I get a copy?

To obtain a copy of your EPC contact the Approved Organisation whose member produced the original EPC. The list of Approved Organisations can be found on the links above.

Is the installation of solar PV itself, likely to increase my EPC rating? For example if my property is a band E, is it possible the solar PV could raise it to a band D?

Yes. There are a number of ways to get a property up to an EPC band D rating including the installation of solar PV though this will depend on areas such as property type etc. However, for the sake of application, all the FIT licencees (energy company) require is that the property has a level D or higher before an application for FITs is made, to receive the higher tariff.



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What happens if I don't send an EPC certificate with my application and/or my property isn't band D? Also, what happens if it becomes apparent later that my property was an EPC band D all along?

You will receive the lower 9p/kWh tariff. This will also apply even if your property was an EPC band D (if proving retrospectively)

Does the EPC rating requirement apply to non domestic properties too? What about farmers and barns?

The requirement for EPC level D applies in respect of both domestic and non-domestic buildings.

How do I apply for FITs and what is the application process?

Once your chosen installer has installed your generating technology, take these steps to register for FIT:

- Ask your installer to register you on the central MCS database. The installer will then send you a certificate confirming MCS compliance.
- Tell your chosen FIT supplier (energy supplier) that you wish to register for the FIT and send them a completed application form along with the MCS certificate and the Energy Performance Certificate that shows your home has an energy efficiency rating band D or better (applicable to solar PV only as of 1 April 2012 although the UK Government is consulting on whether to include this requirement for wind turbines and microCHP too).
- Your FIT supplier will cross-reference your installation with the MCS database EPC register and undertake other eligibility checks.
- Your FIT supplier will confirm your eligibility and the date you are eligible for payments from
- Your FIT supplier will add you to the Ofgem Central FIT Register, which records all installations in the FIT scheme
- Your FIT supplier will agree with you, if and when you will need to provide meter readings, and when they will make FIT payments to you – these will form part of your statement of FIT terms.

Who are the FIT suppliers/FIT licencees?

These are energy companies who offer FITs. A full list of registered FIT licencees are available on the Ofgem web site:

<http://www.ofgem.gov.uk/SUSTAINABILITY/ENVIRONMENT/FITS/RFITLS/Pages/rfits.aspx>

Do I have to pay tax on the income generated through FITs?

FITs generated for domestic use will not have to pay tax.

Will I be eligible to receive the tariff if I move into a home that already has an electricity generating technology?

Installations made as of 15 July 2009 will also benefit from the full tariff, even if they are on new developments.

What happens if I move home?

Ownership of the technology is linked to the site and, therefore, in the case where a building or homeownership changes, the ownership of the technology would also transfer to the new owner.

Do I need to use a certified installer and product to benefit from the tariff?

Yes. For microgenerators, the Microgeneration Certification Scheme (MCS) is a requirement for eligibility.

I rent my property. If my landlord installs an electricity generating technology, who would receive the FITs?

It will be up to landlords and tenants of domestic or commercial property to come to an arrangement about the receipt of payments and on-site electricity use benefits.

Will I need a special meter to be able to claim FITs?

The response confirms that all generation will be metered. However, as an interim measure, the Government has announced that at the very small scale, the amount of exports for the payment of export tariffs can be deemed (i.e. estimated e.g. 50%), subject to the following:

- Arrangement will only apply until the finalising of specifications for smart meters;
- Arrangements do not apply if export meters exist already, or are provided at the generators expense

I have or plan to install second hand / refurbished equipment. Will I be eligible for FIT?

No. second hand installations will not be eligible.

What about heat generating technologies?

The UK Government intends to introduce a Renewable Heat Incentive (RHI) in late 2012. Heat generating installations installed as of 15 July 2009 will be eligible for the RHI. The RHI will be available across Great Britain (Northern Ireland will need to develop their own legislation). In addition a one off payment is also available up to 31 March 2012 called the Renewable Heat Premium Payment.