Community and Renewable Energy Scheme
Feed-in Tariff Module

Module Structure

The Feed-in Tariff (FIT) is the main price-support mechanism for the electricity that will be produced by all electricity generating technologies. These include:

- Wind energy;
- Hydropower;
- Solar (PV);
- Anaerobic Digestion (AD); and
- Micro-CHP.

The Feed-in Tariff module is designed to cover a range of technologies and to assist Community Groups of all kinds. Technology specific information is flagged as appropriate. The module is divided into the following sections:

Background to the FIT

A brief overview of the Feed-in Tariff (FIT).

How to Apply for the FIT

Provides the key steps and processes needed to apply for the FIT.

Contingent Degression

Gives information about the degression of FIT tariff levels and current levels available.

Metering and Payment

Supplies the basics of metering requirements and payment frequency.

Additional Renewable Electricity Generation Payment

Explores further financial benefits that are available.

Further Information

Appropriate links to find more information.

Background to the FIT

The FIT is the Government's UK-wide initiative intended to encourage the uptake of small-scale renewable and low-carbon technologies up to a total installed capacity of 5 megawatts (MW). The Department for Business, Energy and Industrial Strategy (BEIS) makes the key decisions on FITs in terms of Government policy, previously this was undertaken by the Department of Energy and Climate Change (DECC) until July 2016. The energy regulator, Ofgem, administers the scheme. It is important to note that the objective is to encourage uptake rather than provide a long-term mechanism to support renewables.

The details of the FIT have changed since it was introduced in 2010. This module focuses on the current FIT arrangements.

The FIT scheme creates an obligation for certain Licensed Electricity Suppliers to make payments for the generation and export of electricity from qualifying renewable and low carbon generators. Installations using PV, wind, hydroelectricity and anaerobic digestion (AD) technologies up to a total installed capacity of 5MW and fossil-fuel derived micro combined heat and power (micro-CHP) up to 2 kilowatts (kW) can receive FIT payments, providing all the relevant eligibility requirements are met.

FIT payments will continue for the duration of the Eligibility Period. The Eligibility Period starts on the Eligibility Date (usually the date of application) and lasts for:

- Wind – 20 years;
- Hydropower – 20 years;
- PV – 20 years; and
- Micro-CHP – 10 years.

The Government regularly reviews the level of FIT payments and the way in which the scheme operates to ensure that it remains affordable. Therefore, it is important to follow changes to the FIT as they are announced.

If you are eligible to receive FITs, you will benefit in two ways:

Generation tariff – the local energy supplier will pay you a set rate for each unit of electricity you generate (usually for every kilowatt hour (kWh)). Once your system has been registered, the tariff levels are guaranteed for the period of the tariff (up to 20 years) and are index linked.

Export tariff – you will get a further payment from your energy supplier for each unit you export to the electricity grid, so you can sell any electricity you generate, but don't use yourself. This rate is the same for all technologies. As with the generation tariff, the level is fixed for the period of the tariff (up to 20 years) and is index linked.

Additionally, you could potentially reap energy bill savings if your installation has the capacity to offset your own consumption. This will help reduce or, in some instances, avoid the cost of electricity purchase.

A consultation on the FIT scheme was carried out in 2015 with the Government response being given on the 17th December 2015. This resulted in changes to the FIT scheme which included:

- a pause in registrations to the scheme until the 7th February 2016;
- a reduction in the tariff levels across wind, solar and hydro projects of all scales;
- the introduction of new degression rates; and
- the introduction of deployment caps on the 8th February 2016.

These are explained later. A link to the full consultation response is provided in 'Further Information'.

How to Apply for the FIT

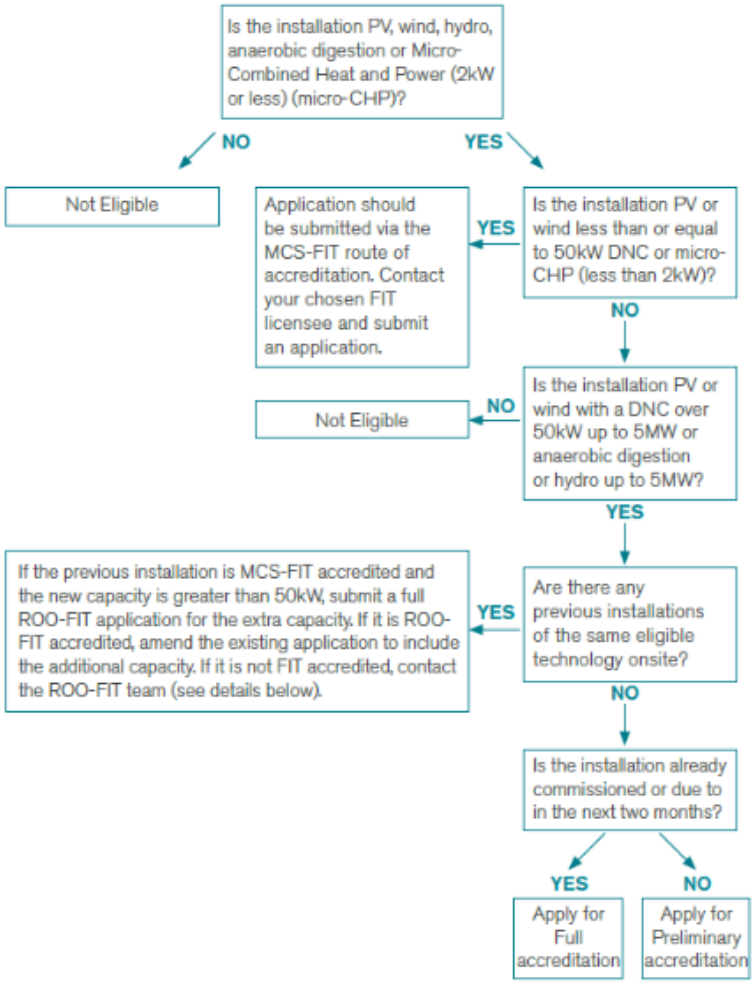
You apply for accreditation for your installations by going through one of two routes – MCS-FIT or ROO-FIT:

MCS-FIT accreditation is for PV and wind installations that have a declared net capacity of up to and including 50kW and micro CHP installations with a declared net capacity up to and including 2kW. Applications should be submitted to a FIT licensee (most electricity suppliers, see 'Further Information'), for accreditation. Schemes accredited by this route need to be installed by an MCS accredited installer and use MCS accredited products. The MCS accredited installer will prepare the documents needed for you to apply to an electricity supplier for FIT accreditation.

ROO-FIT accreditation is for PV and wind installations that have a declared net capacity of between 50kW and up to and including 5 megawatts (MW), and all AD and hydropower plant up to and including 5MW. Applications should be submitted to Ofgem for ROO-FIT accreditation.

There are two types of application that can be submitted using the ROO-FIT accreditation process, Preliminary Accreditation or Full Accreditation. Figure 1 can be used to determine which is most appropriate for your installation.

Figure 1: Which type of application is right for your development? (Source: Ofgem, 2014)



Preliminary accreditation

Preliminary accreditation (PA) is available for proposed installations (i.e. installation which are yet to be commissioned). PA is only available if your installation is entitled to use the ROO-FIT accreditation process, not for extensions or installations accredited under MCS-FIT. It enables you to obtain a tariff guarantee for a limited time ahead of commissioning. Once your scheme is registered, the tariff level that will apply to your installation is fixed. Fixing the tariff level, reduces some of the uncertainty surrounding the potential revenue your installation may receive.

These tariff levels are only fixed for a set validity period depending on the technology, and the project will have to be generating within a set period of time from the date of application of preliminary accreditation, which as of 1st April 2015, are as follows for community renewable installations:

- Wind – 18 months;
- Hydro – 30 months; and
- PV – 12 months.

Note, for PAs submitted between 1st April and 31st December, the tariff date is the same as the application. For preliminary applications submitted between 1st January and 31st March, the tariff date is 1st April of that year.

An application for PA must be accompanied by a number of documents such as planning permission, grid connection agreement, and relevant licensing and consents (e.g. water abstraction licence for hydropower).

The key steps to follow for applying for preliminary accreditation are:

- **Set up an account –** You will need to set up an account on the Renewables and CHP Register. Also in this set you should enter the details of an authorised signatory which will then become the superuser. Your application cannot be submitted until your account has been approved.
- **Start an application form –** Before you start your application, ensure that you have all documentary evidence to hand and dated on or before the application date.
- **Select application type –** Ensure you select FIT preliminary accreditation.
- **Submit –** Complete and submit the application, uploading the documentary evidence where applicable. Make sure that the superuser of the account agrees all declarations. The application will only be received by Ofgem once all declarations have been agreed by the superuser.

Once the application has been submitted, Ofgem will review the application at which point they may ask for further documentation or clarification. If successfully granted PA, confirmation will be emailed to the account superuser.

A full guide on how to apply for PA is available from Ofgem (see 'Further Information').

Full accreditation

Full accreditation is available for installations which have been commissioned or are due to be commissioned within the two months after the application. It is also available to installations which have been granted PA and have commissioned or are due to commission within the next two months (known as 'Convert to Full' applications). It is also the only route to accreditation for installations accredited under MCS-FIT.

The key steps to follow for applying for full accreditation are the same as for PA. However, you must ensure that you select the right application type.

A full guide on how to apply for full accreditation is available from Ofgem (see 'Further Information' for more details).

Default Degression

Default degression was introduced to address the impact on consumer electricity bills and the anticipated reduction in costs of installing the technologies with the intention of maintaining a constant rate of return for developers. The frequency of default degression for all technologies will be quarterly as set out in Table 1.

Table 1: Feed-in Tariff (FIT) Generation & Export Payment Rate Table (1st April 2017 – 31 March 2019) (Ofgem, 2018)

Generation Tariffs p/kWh,	2017/2018				2018/2019			
	TP1	TP2	TP3	TP4	TP1	TP2	TP3	TP4
PV								
<10kW	4.14	4.07	4.00	3.93	3.85	3.78	3.71	3.64
10 – 50kW	4.36	4.29	4.22	4.15	4.08	4.01	3.95	3.87
50 – 250kW	1.99	1.94	1.89	1.82	1.78	1.78	1.68	1.62
250 – 1,000kW	1.63	1.59	1.54	1.48	1.44	1.37	1.33	1.28
>1,000kW	0.48	0.43	0.38	0.34	0.30	0.24	0.19	0.14
Standalone	0.35	0.29	0.23	0.19	0.16	0.13	0.11	0.08
Wind								
<50kW	8.39	8.33	8.26	8.19	8.13	8.06	7.98	7.92
50 – 100kW	4.95	4.92	4.88	4.83	4.81	4.75	4.72	4.68
100 – 1,500kW	3.22	2.88	2.58	2.31	2.30	2.28	2.27	2.27
>1,500kW	0.83	0.81	0.80	0.71	0.70	0.69	0.68	0.68
Hydro								
<100kW	7.80	7.80	7.78	7.77	7.75	7.74	7.72	7.71
100 – 500kW	6.26	6.25	6.24	6.24	6.23	6.22	6.21	6.21
500 – 2,000kW	6.26	6.25	6.24	6.24	6.23	6.22	6.21	6.21
>2,000kW	4.54	4.54	4.54	4.54	4.54	4.54	4.54	4.54

These tariffs are subject to two adjustment. Firstly at the end of each FIT year to reflect the RPI change. Secondly if and when the cap is hit and a contingent degression of 10% occurs (see below). Updated tariffs, reflecting any contingent degression, will be published by Ofgem at least on a quarterly basis along with information on quarterly caps.

When calculating future tariff reductions, it is not quite as easy as deducting the default degression and contingent degression rate (10% for all technologies) rate from 1st July 2017 rates to determine what they will be from 1st October 2017 as there will also be an inflationary RPI increase, so this needs to be factored in.

For whatever scale of device you are interested in (and hence FIT tariff rate) the new tariff will be the current tariff minus degression plus ~1%.

Caps

Caps on deployment were introduced into the FIT scheme on the 8th February 2016, with separate caps for each technology and capacity band (with the exception of micro-CHP which is already subject to a cap).

A deployment cap is a set amount of capacity that can apply to receive FIT support in a deployment period. Applications will be received continuously and will be allocated to a tariff period based on the time and date of the application. The data used to determine if and when a cap has been hit is as follows:

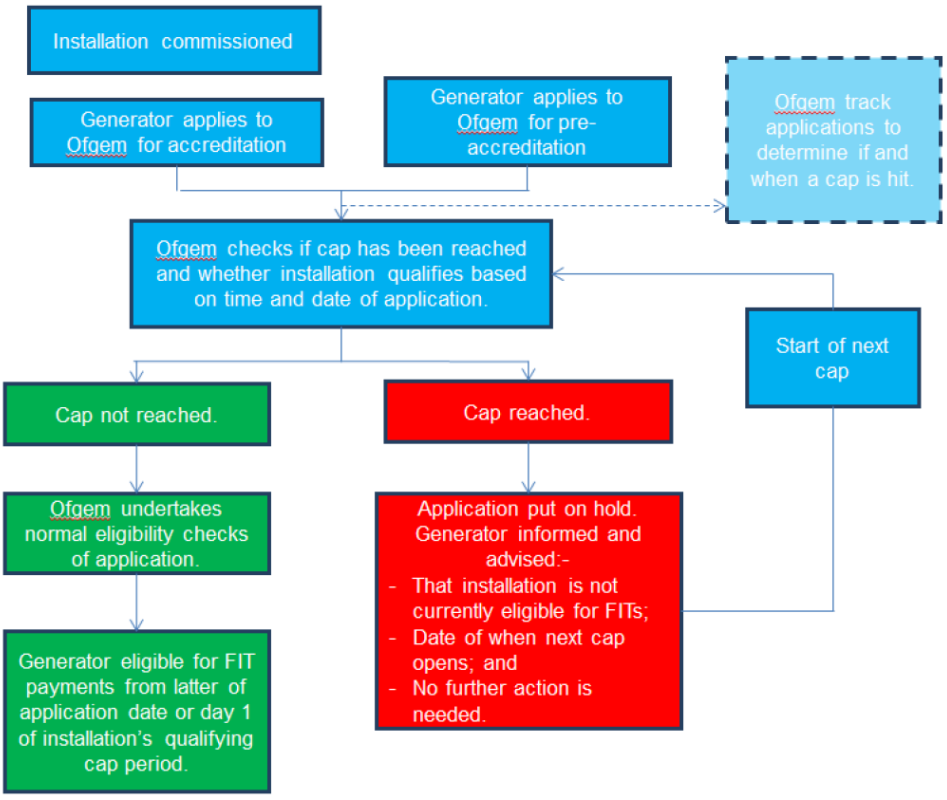
- For ROO-FIT installations – these are ordered using Ofgem's records of applications received for full accreditation from 00:00:01 on 15th January 2016 and of applications received for pre-accreditation from 00:00:01 on 8th February 2016.
- For MCS installations – these are ordered by new <50kW solar PV and wind projects registered on the MCS database from 00:00:01 on 15th January 2016.

Once a cap has been reached, no further installations are eligible to receive the tariff rate applicable in that tariff period. Additionally, caps work alongside the default degression set by BEIS (see above). If a cap is reached, there will be a contingent degression of 10% applied in the next cap period (see below) on top of the existing default degression.

If your installation exceeds the deployment allowed in a tariff period it will not qualify for that tariff period. This installation, and all other installations installed after the cap has been reached, will be placed on hold and cannot be added onto the Central FIT Register (CFR). Those installations will then be queued for entry into the next tariff period. Assuming there is sufficient capacity available within the next tariff period, the installation will be eligible to receive the tariff applicable to that tariff period.

BEIS will notify applicants once a cap has been exceeded and no further installations are eligible for the tariff rate that applies to that tariff period. This process is illustrated in Figure 2.

Figure 2: Overview of the customer journey under deployment caps for ROO-FIT installations (Source: DECC, 2015)



BEIS has set the caps for those technologies which cannot pre-accredit (i.e. <50kW solar and wind) at the maximum end of the deployment projections and associated expenditure. The remaining budget has then been distributed between the other technologies. This means that not all projects that are projected to deploy will be able to receive the FIT. However, projects that are eligible for pre-accreditation (i.e. AD, hydro and >50kW solar and wind) will be able to "book" a place within a cap long before they are fully commissioned, which reduces (although not removing) the risks associated with missing out on a cap. Note that for this to be eligible, the total installed capacity must not change between that applied for in the preliminary accreditation and that applied for full accreditation. Importantly, these pre-accreditation applications will as such also count towards the cap.

Table 2 shows how the budget has been divided between technologies and what the different installation caps are.

Table 2: Maximum deployment caps – deployment per quarter (Source: DECC, 2015)

Maximum deployment (MW)	2016				2017				2018				2019
	TP1	TP2	TP3	TP4	TP1	TP2	TP3	TP4	TP1	TP2	TP3	TP4	TP1
PV													
<10kW	48.4	49.6	50.6	51.7	52.8	53.8	54.2	55.9	57.0	58.0	59.1	60.1	61.1
10 – 50kW	16.5	17.0	17.4	17.8	18.2	18.6	18.7	19.4	19.8	20.3	20.7	21.1	21.5
>50kW	14.1	14.5	14.9	15.4	15.8	16.2	16.4	17.1	17.6	18.0	18.5	19.0	19.4
Standalone	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Wind													
<50kW	5.6	5.6	5.5	5.5	5.6	5.5	5.5	5.4	5.5	5.4	5.4	5.3	5.4
50 – 100kW	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
100 – 1,500kW	6.8	6.7	6.6	6.5	6.4	6.3	6.2	6.1	6.1	5.9	5.8	5.7	5.7
>1,500kW	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Hydro													
<100kW	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
>100kW	6.1	6.2	6.3	6.3	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.3	6.3
AD													
All	5.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

More information on this and related issues is given by DECC in their response document to the consultation, please see 'Further Information'.

Deployment Caps – Tariff Period 1

Ofgem has published the FIT deployment caps that have been reached in tariff period 2 (TP2). This covers the period from 1st April – 30th June 2016. Data used for this update is correct as at 00:00 on 14th June 2016.

Table 3 lists the deployment caps that have been reached so far in the current tariff period and records the date and time of the last installations to gain entry under those caps. Installations that are dated and timed

afterwards will be queued for entry into the next available deployment cap. Ofgem no longer provide deployment caps for MSC developments.

Table 3: FIT Deployment caps that have been reached in tariff period 2 (01 January – 31 March 2018) (Source: Ofgem. 2018)

Deployment band	Cap Limit (kW)	Cap Reached and Date	Total Capacity (kW0	Total Number of Installations
PV <10kW	293,224	No	11,738	4,683
PV 10 – 50kW	69,389	No	7,278	294
PV >50 kW	44,236	No	2,642	14
PV Standalone	5,000	Yes (22/09/2017)	7,290	570
Wind <50kW	49,467	No	18	3
Wind 50 – 100kW	1,040	No	0	0
Wind 100 – 1,500kW	6,100	Yes (31/10/2016)	34,100	38
Wind >1,500kW	5,000	Yes (06/12/2017)	13,840	5
Hydro <100kW	6,486	No	100	1
Hydro 100 – 5000kW	32,246	No	0	0
AD (All)	5,000	No	2,513	10

Note that the figures in Table 3 do not consist of real-time information and require verification once the tariff period has ended. As such, these figures may change when the report for the entire tariff period is published.

Ofgem will publish updates on their website of the cap levels reached each period. See 'Further Information' for details.

Contingent Degression

As stated above, FIT levels are subject to regular review. The Government has also used an approach called 'contingent degression' to calculate what the reduction in the FIT rate should be. It was based on the generation capacity of installations pre-accredited and registered for the FIT for each technology and each tariff in the preceding time period.

From the 8th January 2016, contingent degression will be set at 10% each quarter on all future tariffs if deployment meets the quarterly deployment cap (as set out above). The contingent degression bands will correspond with the bands that have been set out for the deployment caps.

Current support rates

For the reasons stated above it is important to continually review the level of FIT support during the development of your project The charts below show the current FIT rates (from 1st January 2018), for comparison purposes, the electricity export value is also shown.

Figure 3: Hydropower Feed-in Tariff rates as of 1st January 2018 (Source: Ofgem, 2018)

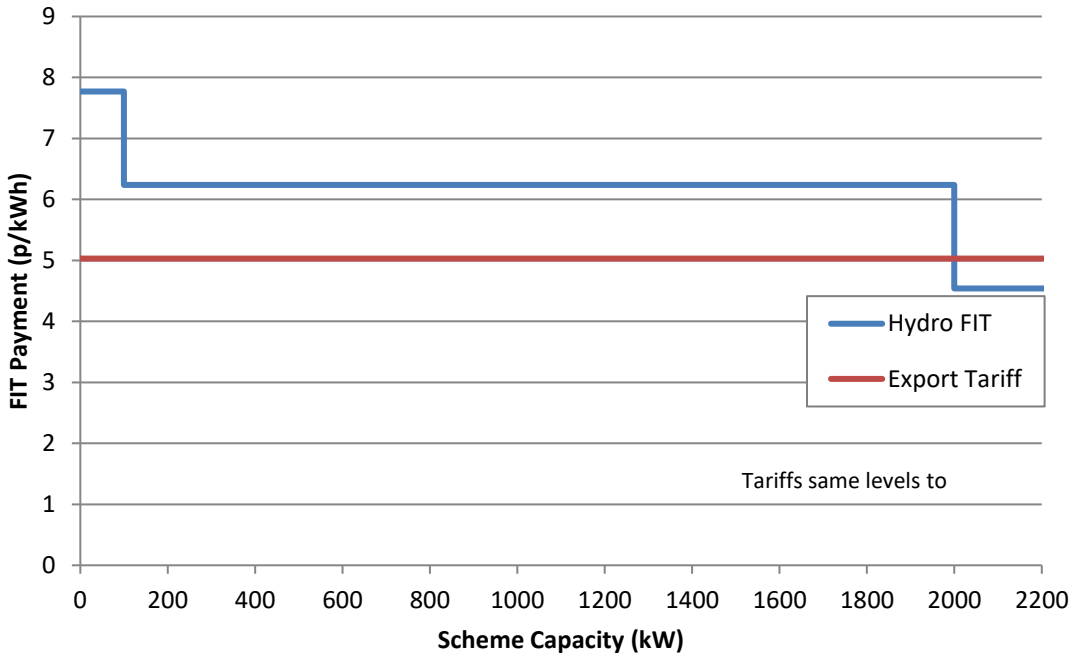


Figure 4: Wind power Feed-in Tariff rates as of 1st January 2018 (Source: Ofgem, 2018)

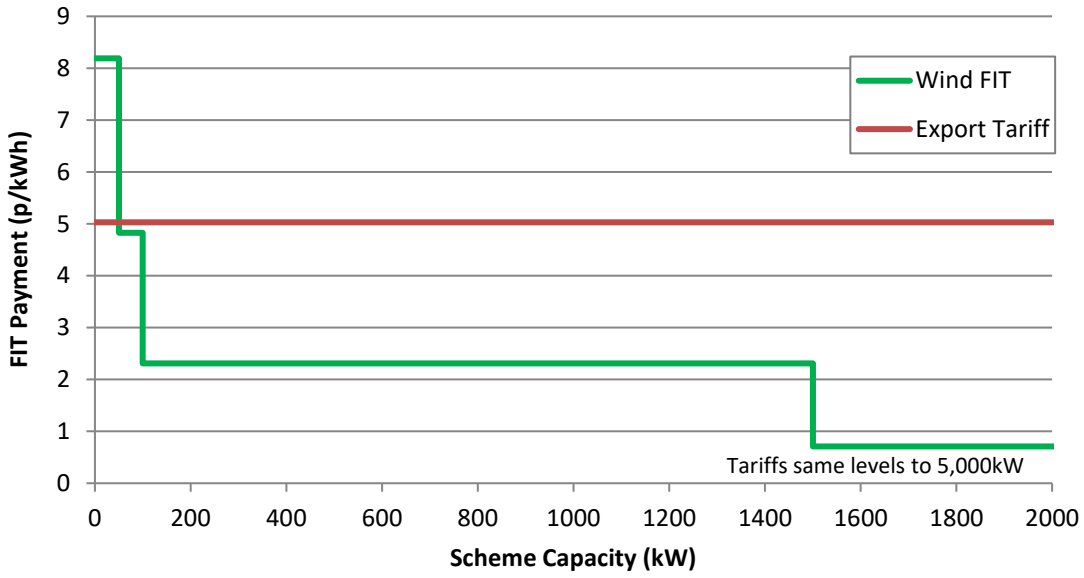
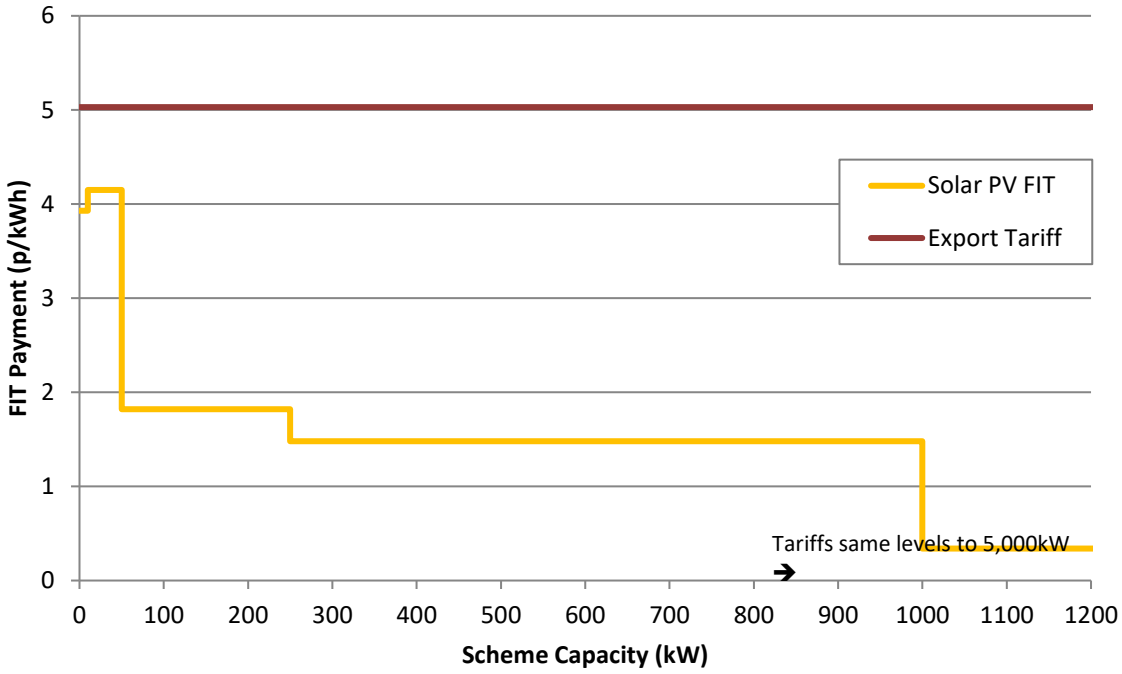


Figure 5: Solar PV Feed-in Tariff rates (high) as of 1st January 2018 (Source: Ofgem, 2018)



Note that in the case of PV installations, the tariff rate available is given in 3 levels: higher, middle and lower. In the example above (Figure 5), the tariff rate is based on the higher level which is available only to installations that are affixed to a building that have an Energy Performance Certificate (EPC) grade D or above. However BEIS now requires the EPC to be issued prior to the commissioning date of the PV installation as a scheme eligibility requirement for new applicants. If the building does not hold an EPC, or it is lower than D, the installation would only be able to receive the lower rate. The middle rate is only applicable to PV installations that come under the requirements of a multi-installation tariff (MIT).

For a full list of the tariffs available for PV installations, please refer to the PV tariff tables in 'Further Information'.

Metering and Payment

Any electricity generating system includes a generation meter to measure the amount of electricity that is produced. In general, FIT payments are made on the basis of readings from a separate, specific export meter. This measures the difference between what you generate and what you use (i.e. it effectively subtracts your own consumption (if any) from that generated). Clearly, all the time you are using the energy generated on your premises you are displacing the cost of imported electricity (as measured by your import meter).

An export meter must be of an approved type and installed by an approved installer. Ofgem provide more information on the detailed requirements of FIT metering. The accuracy of meters is classified by the Metering Instruments Directive (MID) classification. Ofgem require meters to be MID Class 2. You will normally sign a contract with a meter operator to supply and maintain this meter.

For installations with a total installed capacity of up to 30kW, you do not need an export meter. Instead, it will be deemed that half of your generated electricity has been exported as measured by your generation meter. However, in practice, only small domestic systems are likely to use this 'deemed export' method.

In all cases, there will likely be an obligation on you to supply meter readings.

How often is the FIT paid?

The frequency of FIT payments is subject to agreement with your FIT licensee. However, this is normally every quarter. If your project is registered for VAT, your FIT licensee may require you to submit an invoice to them for the amount they advise that you are owed. For these reasons, third-party agents are often employed (for a fee) to collect the FIT payments on your behalf and to check that you are being paid what you are due.

Note that there can be a delay of up to 6 months from the start of generation for the first FIT payments to be delivered.

Community Organisation Installations

Community organisations that propose to commission, or have commissioned, a PV community energy installation with a declared net capacity (DNC) not exceeding 50kW will be able to benefit from a tariff guarantee. This will allow the community organisation to pre-accredit for a period of up to 1 year before the installation is commissioned and an application for FIT accreditation to a FIT licensee is made. The tariff will be assigned on the basis of the tariff date once a FIT licensee has accredited the installation.

Ofgem define a community organisation as:

- A Community Interest Company, or
- A Co-operative Society, or
- A Community Benefit Society, or
- A Registered Charity, or
- A wholly owned subsidiary of such Organisations.

There are a number of differences in the FIT for community organisation installations over commercial installations. The FIT measures apply to the main types of communities discussed above, as well as the following shared ownership models:

- 100% community ownership;
- Joint ventures;
- Shared revenue; and
- Split ownership.

For further information on the community types, shared ownership models and how the FIT measures apply, please refer to 'Further Information'.

Where the PV installation is on an existing building, there is a relaxation of the current minimum energy efficiency requirement – an EPC of level G or above will secure the higher rate tariff, provided the multi-installation tariff (MIT) does not apply.

Additionally, and exclusively for community organisations, it will be possible to register projects totalling up to 10MW for Feed-in Tariffs, provided that they are configured as two separate plants of no more than 5MW, one of which is community owned. This is only possible for two community projects (or one community project and one commercial project), each up to 5MW, which will now be able to share a single grid connection and receive separate FITs.

Additional Renewable Electricity Generation Income

Power Purchase Agreement (PPA)

A Power Purchase Agreement (PPA), or offtake agreement, is an agreement between a generator and an electricity supplier (supplier to electricity consumers) to buy and sell the electricity being produced by the generator. This often includes the buying and selling of LECs as well. It can insulate an independent generator from risks linked to energy availability, volume, liquidity, price, profile, imbalance and law changes. There are a range of PPA products can be broadly classified as follows:

Table 4: Power Purchase Agreement (PPA) products available for electricity generators

Structure	Summary
Tolling Agreement	An agreed fee is paid for electricity
Fixed Price/Floor	An agreed electrical supply for a fixed or minimum price.
Route to Market	All supplies are bought at the market price (less a trading fee)
Trading Style	The PPA provider manages and sells the power where prices are hedged by contracting futures

The PPA provides electricity generators with a source of income. This is a contractual agreement to buy and sell electricity, so the rates and terms of the contract will change from supplier to supplier. Before entering a PPA agreement it is recommended that a number of suppliers are contacted and the contracts are compared.

Further information on Power Purchase Agreements is available from DECC, see 'Further Information'.

Further Information

Background to the FIT

Further information on the Feed-In Tariff is available from the Energy Savings Trust – see http://www.energysavingtrust.org.uk/Generating-energy/Getting-money-back/Feed-In-Tariffs-scheme-FITs)

Also, see www.gov.uk/feed-in-tariffs/overview and www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme

Payments based on these tariffs will be made to you by the FIT licensee you agree a contract with. A full list of FIT licensees can be found at https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/applying-feed-tariff/registered-fit-licensed-suppliers

For further information on the recent FIT consultation – see https://www.gov.uk/government/consultations/consultation-on-a-review-of-the-feed-in-tariff-scheme

How to Apply for FIT

The ROO-FIT application process is carried out by Ofgem online – see https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/applying-feed-tariff/roo-fit

The MCS-FIT application is also online by Ofgem – see https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/applying-feed-tariff/mcs-fit

Ofgem hold a list of the registered FIT licensed suppliers for MCS-FIT – see https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/applying-feed-tariff/registered-fit-licensed-suppliers

Ofgem's guidance on making a FIT application is available for more information – see https://www.ofgem.gov.uk/ofgem-publications/88063/roofitessentialguidefinal1.pdf

Ofgem's guidance for making preliminary FIT applications – see https://www.ofgem.gov.uk/ofgem-publications/90341/es890fitguidetoapplyingforpreliminaryaccreditationweb.pdf

Default Degression

Further information on default degression – see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt__response_Final.pdf

Caps

Further information on deployment caps – see https://www.ofgem.gov.uk/sites/default/files/docs/draft_deployment_caps_-_fit_licensees.pdf

Published deployment cap levels reached per period – see https://www.ofgem.gov.uk/publications-and-updates/feed-tariff-fit-deployment-caps-have-been-reached-tariff-period-1-08-february-31-march-2016-3

Current support rates

The best source of information on tariff levels can be found at https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/tariff-tables

For non-PV installations – see https://www.ofgem.gov.uk/ofgem-publications/92753/fitnonpvtarifftablefor1april2015.pdf

For PV installations – see https://www.ofgem.gov.uk/ofgem-publications/92754/fitpvtarifftablefor1april2015-amended.pdf

For information about the RO – see https://www.gov.uk/government/policies/increasing-the-use-of-low-carbon-technologies/supporting-pages/the-renewables-obligation-ro

Metering and Payment

Ofgem provides information on the detailed requirements of FIT metering – see https://www.ofgem.gov.uk/publications-and-updates/feed-tariffs-guidance-renewable-installations-version-11

For information, Npower has made available a draft set of terms and conditions for a FIT scheme – see www.npower.com/idc/groups/wcms_content/@wcms/@resi/documents/digitalassets/fit_terms_and_conditions.pdf

Community Organisation Renewable Installations

Further information on shared ownership models of projects – see https://www.gov.uk/government/publications/guidance-on-community-ownership-models-under-the-feed-in-tariffs-scheme

Additional Renewable Electricity Generation Income

Further information on PPA from DECC – see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263919/Baringa_report_on_PPA_market_liquidity___July_2013.pdf

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