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## FAQs on UK Government Feed In Tariffs

This document contains a list of faqs that advisers may be asked in relation to the Feed in Tariffs (FITs) coming in place in April 2010.

On 1 February 2010 the UK Government released its final response on Feed In Tariffs (FITs) which will be marketed as the "Clean Energy Cashback". The FIT will be introduced on 1 April 2010 and will replace LCBP grants as the UK Government's support scheme for small scale renewable electricity generation.

This document provides some answers to FAQs that members of the public may ask following the release of this document.

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

Unless otherwise stated the following faqs relate to the feed in tariff implications on the Low Carbon Buildings Programme (LCBP) grants. Information relating to Scotland is also covered.

### FAQs

#### **Q: What is the Feed In Tariff / Clean Energy Cashback?**

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

- 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.

#### **Q: Why do generators/consumers get both a generation AND an export tariff?**

**A:** 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.

#### **Q: How does it work?**

**A:** 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.

**Q: When will the FIT be introduced?**

**A:** April 2010

**Q: Will I be eligible to receive the tariff if I have already received an LCBP grant?**

**A:** Yes, so long as the technology was installed after 15 July 2009. If before this date then you will automatically move to the FIT and will receive a generation tariff set at an approximately equivalent level to the value of your previous ROC (Renewable Obligation Certificate) band so long as you registered for this. This is much lower than FIT at 9p/kWh. In addition you will have access to the export tariff and the offsetting benefit as applicable for all installations in the FITs scheme.

**Q: What do I need to do if I was receiving ROCs? Will I move automatically to FIT?**

**A:** All microgenerators transferring from ROCs will still need to find a supplier in order to access FITs. Generators will need to find a supplier within 6 months of the start of the FITs scheme (i.e. before 1 October 2010) in order to avoid any interruption to their support.

**Q: What happens if I installed prior to 15 July 2009 but didn't apply for ROCs?**

**A:** Installations that became operational before 15 July 2009 but did not apply for accreditation under the Renewable Obligation before this date will not be eligible for FITs.

**Q: What happens if I installed prior to 15 July 2009 but didn't receive an LCBP grant?**

**A:** These installations will be treated the same as those that did receive LCBP grants before 15 July 2009. Generators will only receive FIT if they registered for ROCs. If not registered then generators won't receive any payment.

**Q: Which technologies are eligible?**

**A:** The scheme will support 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

*N.B. biomass has been removed.*

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

**A:** Installations made as of 15 July 2009 are proposed to also benefit from the full tariff, even if they are on new developments.

**Q: What happens if I move home?**

**A:** 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.

**Q: Will the UK Government provide me with the up front capital to purchase these technologies?**

**A:** The UK Government proposes that, in the majority of cases, there will be no low cost UK Government backed finance package, for the FIT. There is, however, a suggestion that the fuel poor and vulnerable groups may be able to access such support. Some local governments already offer finance for microgeneration and more may choose to do so in the future.

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

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

**Q: LCBP is open until April 2011 but FITs begin in April 2010 – will both incentives be available?**

**A:** LCBP grants for electricity technologies will only be available until April 2010 when FITs are introduced. LCBP grants will continue until April 2011 but for heat generating technologies only.

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

**A:** 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.

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

**A:** 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

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

No. second hand installations will not be eligible.

**Q: Is there a minimum energy efficiency requirement in order to be eligible for FIT?**

No. However, it is still important to ensure you install cost effective energy efficiency measures.

**Q: What about heat generating technologies?**

**A:** The UK Government intends to introduce a Renewable Heat Incentive (RHI) in April 2011. Heat generating installations installed as of 15 July 2009 will be eligible for the RHI in April 2011. The RHI will be available across Great Britain (Northern Ireland will need to develop their own legislation).

## **Proposed Tariff Levels**

### **Generation tariff**

The generation tariff levels are given in full in the table below. The most important for our audience are:

- PV (<4kW) retrofit: 41.3p/kWh
- PV (<4kW) newbuild: 36.1p/kWh
- Wind (<1.5kW): 34.5p/kWh
- Wind (1.5-15kW): 26.7p/kWh
- Existing microgenerators: 9p/kWh

### **Export tariff**

The export tariff is proposed to be set at 3p/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.

Technology	Scale	Year 1 (p/kWh)	Year 2 (p/kWh)	Year 3 (p/kWh)	Tariff length
Wind	≤1.5kW	34.5	34.5	32.6	20
Wind	>1.5 - 15kW	26.7	26.7	25.5	20
Wind	>15 - 100kW	24.1	24.1	23	20
Wind	>100 - 500kW	18.8	18.8	18.8	20
Wind	>500kW - 1.5MW	9.4	9.4	9.4	20
Wind	>1.5MW - 5MW	4.5	4.5	4.5	20

### **Feed in tariff table**