

Feed in Tariff Scheme

Also known as the

Clean Energy Cashback Scheme

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1. Purpose of the scheme.

Renewable electricity is an alternative form of electricity generated from sources that releases much less CO₂ into the atmosphere. A barrier to generating renewable electricity yourself can be the very high up-front costs. To encourage more people to generate their own electricity the Government has created the **Clean Energy Cash Back Scheme** (or **Feed in Tariffs**). This creates an opportunity for everybody to become electricity generators. The scheme exists in Scotland, England and Wales but does not run in Northern Ireland

Encourage more renewable electricity generators

2. Description of the scheme

The Feed-in Tariff (FIT) guarantees you a minimum payment for each unit of electricity you generate from renewable sources. This means that anybody that wishes to invest in buying and installing eligible technologies can be confident that the cost of their investment will be recovered. The name comes from the German system where generators were given a fixed price for every unit of electricity they exported to the grid. In the UK the Government calls it the Clean Energy Cashback Scheme. The scheme is different from the German scheme because in the UK (currently excluding Northern Ireland) the generator is paid for every unit they generate, even if they use all the electricity themselves (the generation tariff). If the generator does export electricity to the grid they will be paid an extra tariff on top of the FIT (export tariff).

You are paid for every unit you generate & extra for selling unused units back to the grid

3. Length of the scheme

The FIT will last 20 years for all eligible renewable electricity generators, and 25 years for solar photovoltaic (PV). The FIT will be index linked so it will increase each year by the rate of inflation (RPI). The scheme will be reviewed every 5 years and due for the first review in 2013. The tariffs will be reviewed annually (from 2012) to ensure the tariff rates provide the correct rate of return. Generators who install systems between 15th July 2009 and 31st March 2012 will receive the current tariff. After 31st March 2012 new installations could receive a lower tariff (see 8.2, depression). This new tariff will be guaranteed for the full length of the scheme (20 -25 years) from the installation date.

Payments are guaranteed for 20 yrs (25yrs for PV)

4. Eligible technologies

The table below shows the main technologies that are eligible for the FIT and covered by the REAL Assurance Scheme and how much you will earn if your system is installed between 15 July 2009 and 31 March 2013. (Note: Tariffs will increase with inflation annually).

Tariff level for new installations in period 2012-2013 (pence/kWh)

Technology	Scale	Year 1: 15/7/09 – 31/3/11	Year 2: 1/4/11 – 31/3/12	Year 3: 1/4/12 – 31/3/13
Hydro	≤15 kW	19.9	19.9	19.9
PV	≤4 kW (new build)	36.1	36.1	33
PV	≤4 kW (retrofit)	41.3	41.3	37.8
PV	>4-10 kW	36.1	36.1	33
PV	Stand alone system	29.3	29.3	26.8
Wind	≤1.5kW	34.5	34.5	32.6
Wind	>1.5-15kW	26.7	26.7	25.5
Wind	>15-100kW	24.1	24.1	23
MicroCHP	<2 kW*	10*	10*	10*

*FIT for MicroCHP is a pilot scheme, limited to the first 30 000 installations.

** For information on systems installed before 1st of April 2010 follow the link to the [Energy Saving Trust's](#) webpage on FITs

A full table of eligible technologies and their FIT bands is available on the Department of Energy and Climate Change Website (DECC).

http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/renewable/feedin_tariff/feedin_tariff.aspx

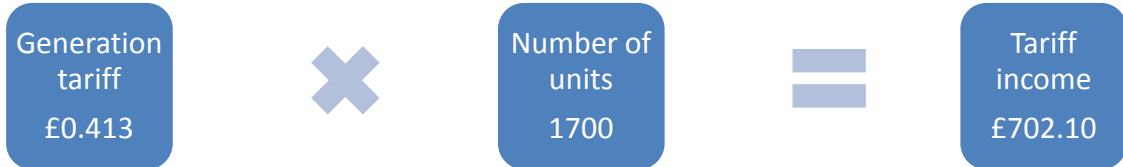
If you do not use all the electricity you produce you will also receive 3 pence for every kWh you export back to the grid (the export tariff). It may be possible for you to negotiate a better export tariff with your electricity supplier though they may only be interested in larger installations.



5. Example

A typical home uses 4500 kWh (units) of electricity annually. A 2kWp solar PV system would generate around 1700 kWh per year. Installed on an existing house the generation tariff would be 41.3pence per kWh.

Generation Tariff Income



The annual income from the tariff would be £702.10.

Number of Units Used/Exported

A typical household would use around 50% of the electricity (850kWh) and export 50% to the grid.



Export Tariff Income

The export tariff is 3 pence for every unit that you export back to the grid.



Savings from Reduced Grid Electricity

There is also the added benefit that you will use some of the electricity generated, meaning that you will import less electricity from the grid. If you use 50% (850kWh) that will save around 12 pence per unit.



Total Benefit



You can calculate how much your particular system might earn you using the 'Cashback Calculator' on the Energy Saving Trust website found [here](#).

6. Qualification

The Microgeneration Certification Scheme (MCS) is an important quality assurance mechanism that sets out both:

- standards for **installers** of small-scale heat and power generators; and
- standards for small-scale heat and power generating **products**.

To qualify for the FIT your renewable electricity generator **must** be installed by an MCS certified installer. The products must also be MCS certified.

Check the [MCS website](#) to see which installers and products are listed.

All *products* and *installers* must be MCS certified for you to qualify for the FIT

Members of the REAL Assurance scheme must abide by the Consumer Code designed to ensure high standards of service. The REAL Assurance Scheme is part of the Office of Fair Trading (OFT) self-regulation *Consumer Code Approval Scheme*. MCS-certified installers must belong to an OFT backed Code.

Check the [REAL Assurance Scheme website](#) to see which installers are registered and what you should expect from a REAL member.

The REAL Assurance Scheme Consumer Code is to protect consumers

7. Installing a system and claiming FITs

Before you sign a contract the installer should survey your site to ensure it is suitable for a particular technology.

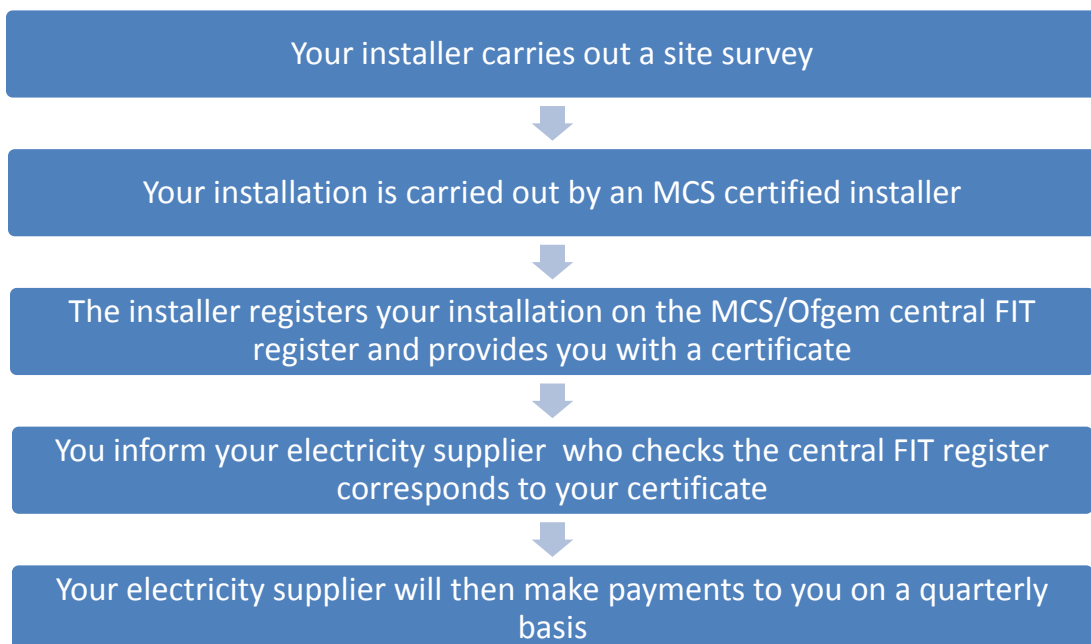
For example:

- shading from trees and buildings would have a substantial effect on the performance of PV solar panels.
- trees, buildings, hills etc. can have an effect on wind speed and cause unwanted turbulence, affecting the performance of wind turbines.

Once your system has been installed, the MCS installer will provide you with a certificate of installation and register the installation with Ofgem on the central FIT register. You must then inform your chosen electricity supplier that you are eligible for the FIT and provide the MCS certificate to them. The electricity supplier will then cross-check the installation with the central FIT register. Payments will then be made by the energy supplier on a quarterly basis (unless otherwise agreed).

For a complete list of the Licensed Electricity Suppliers follow the link to the Ofgem webpage:

<http://www.ofgem.gov.uk/Sustainability/Environment/fits/rfits/Pages/rfits.aspx>



8. The future

8.1 Inflation

The Tariffs are index-linked which means they will increase (or decrease) with inflation (RPI index). The tariffs will be adjusted annually from 2012 to ensure a positive return on investment (ROI) of 8-10%.

FITs will increase with inflation

8.2 Degression.

Systems installed after April 2012 will still be eligible for FITs but the rate of the FIT tariff may be adjusted to reflect the costs of the technologies. As the technologies improve and the volume of installations increases the costs of installing should decrease.

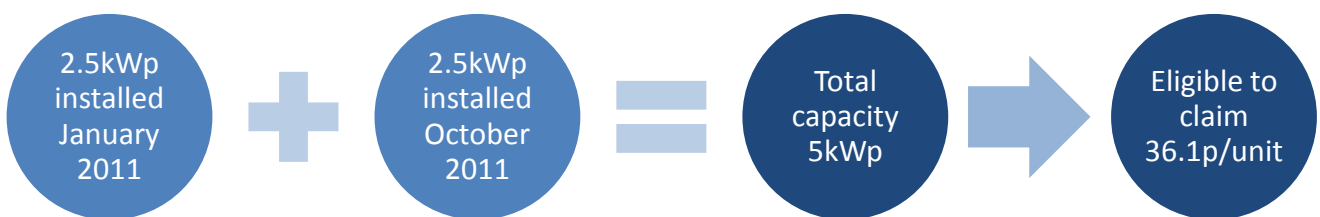
Systems installed after 2012 could get lower tariffs

8.3 Expansion

Two or more different technologies can be installed at the same site and be paid separate tariffs. (e.g. PV solar panels and a wind turbine).

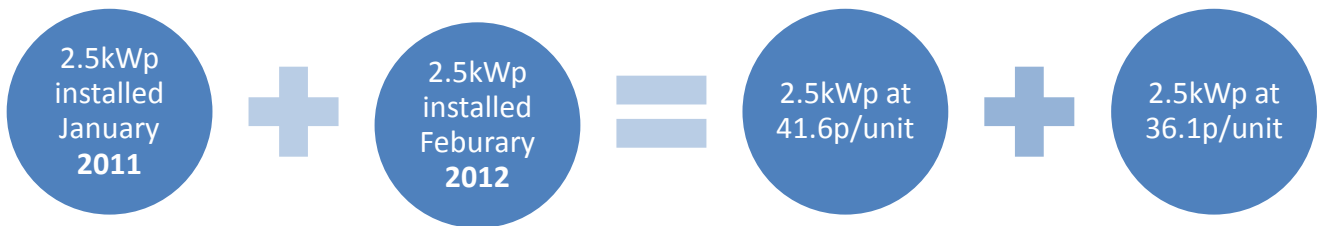
If two installations of the **same** technology are installed at the same site within 12 months of each other they will be regarded as one installation – the combined capacity of the installations will determine the FIT. E.g. 2.5kWp PV system installed in January 2011 and another 2.5kWp installed in October 2011. The combined installed capacity is 5kW therefore the FIT is 36.1 pence per unit for the generation tariff.

Two Installations Within 12 months



If there are two installations of the same technology at the same site, installed more than 12 months apart, the first installation keeps the existing band and the second installation enters the band for the combined capacity.

Two Installations 12 months Apart



9. Electricity suppliers

FITs are paid to you by Licensed Electricity Suppliers approved by Ofgem, they are not paid by the government. The licensed suppliers raise the money for the FIT by charging a small premium to all of their electricity customers. They are also permitted to charge for administration costs. It is predicted that by 2020 each electricity customer in the UK will have to pay roughly an extra £10 on their annual bills to cover this. Once a year the LESs will settle the amount they have paid between them to ensure consumers are all charged the same surcharge on their bill.

You do not have to register with your existing electricity supplier, but can choose another one, as long as you choose one of the Big Six (EDF, ScottishPower, British Gas, Scottish and Southern, E.on, Npower) but you do not have to switch. If you choose a smaller Electricity Supplier they may insist you switch your supply to them. For a full list of the Licensed Electricity Suppliers visit the Ofgem website page - <http://www.ofgem.gov.uk/SUSTAINABILITY/ENVIRONMENT/FITS/RFITLS/Pages/rfitls.aspx>

The scheme is not funded by tax-payers - It is paid for by all electricity consumers

10. Grants

Previously there were grants available for renewable electricity and heat generators under the Clear Skies Scheme and then later the Low Carbon Buildings Programme. These have now finished. Generally, systems that were installed using these funds will not be eligible for FITs. If you have received a grant you may be able to return it so that your system becomes eligible for FITs instead. There are circumstances where some grants will not affect your eligibility to claim the FITs, particularly in Scotland. For more information on grants see the Energy Saving Trust website.

For England and Wales- <http://www.energysavingtrust.org.uk/Generate-your-own-energy/Grants-offers-UK>

For Scotland- <http://www.energysavingtrust.org.uk/Generate-your-own-energy/Grants-offers-Scotland>

For Northern Ireland- <http://www.energysavingtrust.org.uk/Easy-ways-to-stop-wasting-energy/Energy-saving-grants-and-offers>