



Feed in Tariffs

The Government introduced a Feed in Tariff for small scale renewable electricity generation on 1st April 2010.

The aim of the Feed in Tariff is to encourage small scale electricity generation.

The Feed in Tariff is comprised of two separate tariffs.

The **generation tariff** pays small scale renewable electricity generators a set price for each kWh of electricity they generate regardless of whether they use the electricity on site or export it to the national grid.

The **export tariff** is an additional payment for each kWh of electricity exported to the national grid.

How does the Feed in Tariff fit in with other government incentives?

The Feed in Tariff is intended to replace the Renewables Obligation (RO) for small-scale renewable electricity generators.

The Low Carbon Buildings Programme, a government grant scheme, has now closed for new applications for Solar PV and Wind Turbines.

Householders who received a grant through LCBP Phase 1 can keep their grant and receive the feed in tariff.

Businesses and Charitable organisations who received support through the LCBP Phase 2 have a choice of either keeping the grant and not receiving the FIT **or** repaying the grant and receiving the FIT. Businesses and Charitable organisations cannot have both grants and the Feed in Tariff.

The Department for Energy and Climate Change say there is no problem receiving grants from a private company and receiving the feed in tariff but the government is less clear on the rules if you receive a grant from or on behalf of a public body. They state' *"Final rules for the scheme will have to comply with EU rules on state aid, and treatment of grant payments combined with FITs income will be dependent on ensuring compliance with those rules. Clearly there may be issues where installations receive grant support to assist with capital costs and then attempt to claim FITs which have been designed to provide ongoing revenue to offset capital costs.*

Accepting grants in relation to capital costs of a project may therefore affect eligibility for FITs payments" ([See website](#))

What technologies are covered by the Feed in Tariff?

Anaerobic digestion, Small Hydro, Solar Photovoltaic (PV) and Wind Turbines.

Who is eligible for the Feed in Tariff?

Systems Eligibility for the Feed in Tariff is dependent on the capacity of your system and when it was installed.

If you installed a system before 15th July 2009 which **is** registered under the Renewables Obligation (RO) you **will** be eligible for the Feed in Tariff at the RO transfer rate (9p/kWh) provided that the capacity of the system is <50kW. Systems with a capacity >50kW will remain on the Renewables Obligation scheme.

If you installed a system before 15th July 2009 which **is not** registered under the RO you **will not** be eligible for the Feed in Tariff.

If you installed a <5MW system between 15th July 2009 and 1st April 2010 which is accredited under the Renewables Obligation (RO) and/or used MCS accredited Installers and Products you will be eligible for the Feed in Tariff at the appropriate rate for your technology.

If you install a <5MW system from April 2010 onwards you are eligible for the Feed in Tariff provided that you use MCS accredited products and installers.

In terms of capacity, if your system is <50kW then you are eligible for the Feed in Tariff and can no longer receive Renewables Obligation Certificates (ROCs). If your system has a capacity between 50kW and 5MW you can make a one off choice to receive either ROCs or the Feed in Tariff (unless the system was installed before 15th July 2009 – see above).

Installations with a capacity >5MW are not eligible for the Feed in Tariff and will continue to receive support through the Renewables Obligation.

How long will the Feed in Tariff last and how much will I get paid?

The Feed in Tariff is guaranteed for 20 years (25 years for Solar PV) from the date of installation and any income from the Feed in Tariff is exempt from income tax.

Both the Generation Tariff and the Export Tariff are linked to the Retail Price Index (RPI) meaning that the amount paid per kWh should remain the same in real terms over the 20 or 25 years.

The amount you will be paid through the **generation tariff** is dependent on the technology installed, its capacity and the year it is installed. A table of generation tariffs is shown on page 4.

The Generation Tariff has been calculated to give a 5-8% return on your investment. The government anticipates that renewable technologies will become cheaper and more efficient



over time which is why the generation tariff for **new installations** decreases each year. This does not affect the generation tariff for systems installed in previous years.

Example 1:

A 1kW wind turbine installed on 1st April 2010 will receive a feed in tariff of 34.5p/kWh + inflation guaranteed for 20 years.

A 1kW wind Turbine installed on 1st April 2014 will receive a generation tariff of 29.1p/kWh + inflation guaranteed for 20 years.

The **export tariff** is set at a minimum of 3p/kWh for 2010/11. Electricity suppliers can choose to pay more than this should they wish.

Example 2:

A property owner has a solar PV system retrofitted before April 2012 that generates 2,000 kWh per year, of which 1,500 units are used on site and 500 units are exported, and she pays 13p per unit for mains electricity. The payments she would receive and savings she would make would be calculated as follows:

Generation tariff: 2,000 x £0.413 = £826

Export tariff: 500 x £0.03 = £15

Value of electricity used on site: 1,500 x £0.13 = £195 (saving on electricity bills)

TOTAL VALUE = £1,036 per year

Who is in charge of managing the Feed in Tariff?

Ofgem will administer the feed-in tariff scheme and electricity suppliers will be responsible for paying the reward to their customers.

Householders and communities can apply for the feed-in tariff from their electricity supplier from April 2010.

How will the electricity companies know how much to pay me?

Your system will be fitted with a generation meter to calculate the amount of electricity generated. This will be used to calculate your generation tariff payment.

Your system will also be fitted with an export meter to record the amount of electricity exported to the grid. This will calculate your export tariff payment.

What about Heat Pumps and Solar Thermal Panels?



Eco-Logic Living

W o r k i n g w i t h n a t u r e

Heat Pumps and Solar Thermal Panels are not eligible for the Feed in Tariff.

However, the Government has announced that from April 2011 there will be a Renewable Heat Incentive for thermal microgeneration installations which will operate in a similar manner to the Feed in Tariff by paying home owners for the renewable heat they generate.

Ofgem will be responsible for making payments directly to heat generators under this scheme.

Useful Links

Department for Energy and Climate Change www.decc.gov.uk

T: 0845 459 2053

www.ecologicliving.co.uk

Table of Generation Tariffs to 2020¹

Technology	Scale	Tariff level for New Installations in period (p/kWh).											Tariff Lifetime (years)
		NB: Tariffs will be inflated annually according to the Retail Price Index (RPI)											
	Scheme Year	1/4/10-31/3/11	1/4/11-31/3/12	1/4/12-31/3/13	1/4/13-31/3/14	1/4/14-31/3/15	1/4/15-31/3/16	1/4/16-31/3/17	1/4/17-31/3/18	1/4/18-31/3/19	1/4/19-31/3/20	1/4/20-31/3/21	
Anaerobic Digestion	≤500kW	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	20
Anaerobic Digestion	>500kW	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	20
Hydro	≤15 kW	19.9	19.9	19.9	19.9	19.9	19.9	19.9	19.9	19.9	19.9	19.9	20
Hydro	>15-100kW	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	20
Hydro	>100kW-2MW	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	20
Hydro	>2MW-5MW	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	20
PV	≤4kW (new build) ²	36.1	36.1	33.0	30.2	27.6	25.1	22.9	20.8	19.0	17.2	15.7	25
PV	≤ 4kW (retrofit) ²	41.3	41.3	37.8	34.6	31.6	28.8	26.2	23.8	21.7	19.7	18.0	25
PV	>4-10 kW	36.1	36.1	33.0	30.2	27.6	25.1	22.9	20.8	19.0	17.2	15.7	25
PV	>10-100 kW	31.4	31.4	31.4	28.7	26.3	24.0	21.9	19.9	18.1	16.5	15.0	25
PV	>100kW-5MW	29.3	29.3	26.8	24.5	22.4	20.4	18.6	16.9	15.4	14.0	12.7	25
PV	Stand alone ²	29.3	29.3	26.8	24.5	22.4	20.4	18.6	16.9	15.4	14.0	12.7	25
Wind	≤1.5kW	34.5	34.5	32.6	30.8	29.1	27.5	26.0	24.6	23.2	21.9	20.7	20
Wind	>1.5-15kW	26.7	26.7	25.5	24.3	23.2	22.2	21.2	20.2	19.3	18.4	17.6	20
Wind	15-100kW	24.1	24.1	23.0	21.9	20.9	20.0	19.1	18.2	17.4	16.6	15.9	20
Wind	100-500 kW	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	20
Wind	500kW-1.5MW	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	20
Wind	>1.5-5MW	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	20
Existing Microgenerators transferred from the RO		9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	To 2027

¹ Taken from 'Feed in Tariffs – Government's response to the Summer 2009 consultation', DECC.

² 'New build' means where installed on a new building before first occupation; 'Retrofit' means installed on a building which is already occupied; 'Stand alone' means not attached to a building and not wired to provide electricity to an occupied building.