

F: Selling Electricity- Feed-in Tariffs (FITs)

In this section:

- An introduction to the Feed-in Tariff Incentive
- Eligibility and Accreditation
- Guidance on where to find more information

Introduction

Feed-in Tariffs (FITs) are a financial incentive to support distributed and small-scale renewable energy generation, up to 5 MW.

FITs are available for the following generation technologies:

- Anaerobic digestion
- Hydro
- Solar PV
- Wind

A number of domestic Combined Heat and Power (CHP) units are also supported through FITs under a Micro CHP pilot scheme. The Micro CHP pilot will support up to 30,000 installations with an electrical capacity no greater than 2 kW.

This section will detail the structure of the tariffs and will explain how to get accredited with FITs.

Tariff Structure

There are three sources of financial benefit from a Generation project receiving FITs:

- **Generation tariff (FITs):** A fixed price for each unit of electricity generated.
- **Export tariff:** A guaranteed price for each unit of electricity exported to the grid.
- **Import reduction:** reducing your import from the grid by using your own electricity.

Tariffs are adjusted annually for inflation. The generation tariffs are published by Ofgem, and you can access them on their [webpage](#).

The tariff level that your generator will receive will be the most recent tariff level on the eligibility date of the installation. You will continue to receive this same tariff

throughout the eligible lifetime of the project, which for most technologies is 20 years.

FITs for PV generation

The FITs for PV are structured in a slightly different way. They have an accelerated digression mechanism—PV generation tariffs will change every 3 months, subject to the rate of deployment.

The installations are also subject to the following criteria:

- Energy efficiency requirements—the building to which the solar PV is attached should achieve an Energy Performance Certificate (EPC) rating of level D or above for installations up to and including 250 kW; and

Tariff Structure

- Multi-installation tariffs—applies to any solar PV installation where the recipient of the FIT already receives FIT payments from 25 or more other PV installations.

The impact of these criteria on the tariff level received is summarised in Ofgem's tariff tables. Refer to the [BEIS](#) or Ofgem websites for the most up to date information.

Export Tariff

The export tariff is a guaranteed price for the export of your generated electricity, and is the same for all installations which are eligible for FITs. At the time of writing, the export tariff is set at **4.91p/kWh**, but this is subject to regular reviews. Refer to the [BEIS](#) or Ofgem websites for the most up to date information.

Metering Requirements

You will need to measure three electrical flows to get the most out of the FIT scheme; import (this is your usual electricity meter), generation and export. For your generation financial stream, each of your generating units must be measured separately.

For your export payments, you may choose to measure your export to the grid via a meter

(often called an export meter). However, the Government is allowing an interim measure of estimating export, subject to conditions. For example, the Energy Savings Trust website states that domestic FIT installations are likely to have an estimated export level of 50% of electricity generated.

Your electricity supplier is a good first port of call to discuss metering arrangements.

Deployment caps

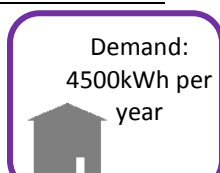
Deployment caps were introduced to the FIT scheme in February 2016. A deployment cap is a limit on the capacity that can receive a particular FIT tariff, in a particular tariff period. Once this limit has been exceeded, the tariff is reduced. If you submit your application after a deployment cap has been reached, you may receive a lower tariff than the rate that was available at the start of the tariff period.

The deployment caps queue is based on the date and time you submit your FIT application to Ofgem. So it is important that you submit your FIT application as soon as you are ready.

FIT Example

The **example** tariff levels are:
Import tariff: 10p/kWh,
Generation tariff: **8.26p/kWh**

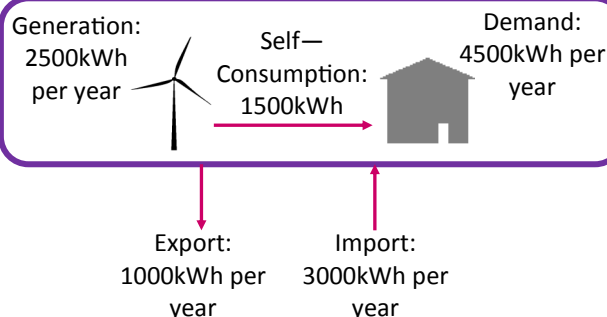
Before Installation



Import: 4500kWh per year

Cost of Import per year:
4500kWh x 10p/kWh = **£450**

After Installation of Distributed Generation



Income per year:
Generation: 2500kWh x ~~21.65~~ 8.26p/kWh = **£206.50**
Export: 1000kWh x ~~4.85~~ 4.91p/kWh = **£49.10**

Cost of Import per year:
3000kWh x 10p/kWh = £300
This is a **saving of £150** due to avoided import.

Total net benefit: £.589.75 - 255.60 + £150 = **£405.60 per year**

Eligibility and Accreditation

Renewable Energy generators under 5 MW are eligible for Feed-in Tariffs. Renewable Energy generators supplying off-grid or private networks are also covered by the FITs scheme. They receive generation tariffs and the benefit of avoiding the costs of generating electricity by other means e.g. Diesel.

Accreditation steps:

There are two routes to accreditation. For generation that is wind, solar PV, or Micro CHP the accreditation process is as follows (“MCS-FIT”):

1. Install your generating unit—**you must use a Microgeneration Certification Scheme (MCS) installer** (see below);
2. Your installer will register you on a central accreditation system;
3. You will receive a certificate confirming you are eligible for FITs;
4. Register for a FIT with your supplier, and provide them with your FIT compliance certificate so that they can verify your eligibility;
5. Indicate to your supplier if you are opting for the guaranteed export tariff or if you prefer to sell your electricity using a Power Purchase Agreement (a legal contract between you and your electricity supplier);
6. Your supplier will then be responsible

for the level of payment you will receive for the electricity generated and exported, for which you may be required to provide meter readings.

See Ofgem’s website on MCS-FIT accreditation:

www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/applying-feed-tariff/mcs-fit

For anaerobic digestion and hydro generators, the following “ROO-FIT” process applies (see note on next page):

1. Install your generating unit;
2. Apply for accreditation through Ofgem’s Renewable and CHP register (see Section F. Selling Electricity—Renewables Obligation Certificates—Accreditation);
3. Successful applicants will be awarded an accreditation number;
4. Register for a FIT with your supplier, and provide them with your accreditation number so that they can verify your eligibility.

Steps 5 and 6 are as above.

While Ofgem is responsible for establishing and maintaining the central FITs register, suppliers manage the registration process—they will be your point of contact.

Microgeneration Certification Scheme (MCS)

The MCS is currently the only formalised industry standard in the UK based on European and international standards for microgeneration projects. MCS is a **BS EN ISO/IEC 17065:2012** scheme covering Renewable Energy products (wind and PV up to 50 kW (electrical), solar thermal, biomass and heat pumps up to 45 kW (thermal), Micro CHP and hydropower) and Renewable Energy installation companies.

MCS checks for the products’ performance and quality and for the installation methods and quality. MCS will increase your confidence in the Renewable Energy technology you are buying and in the company installing it. The MCS is linked with FITs accreditation for Renewable Energy generation < 50 kW electrical capacity.

For more information please refer to the MCS website:

www.microgenerationcertification.org

Eligibility and Accreditation

ROO-FIT accreditation arrangements:

Anaerobic Digestion and hydro installations of any size are accredited by the Renewables Obligation (RO) Order Feed-in Tariff (“ROO-FIT”) process, rather than the MCS accreditation process (“MCS-FIT”). Wind and solar installations greater than 50 kW are also accredited in this way. The ROO-FIT accreditation process is run by Ofgem (rather than the generation installer / supplier), via Ofgem’s Renewable and CHP register. There is more information about it on Ofgem’s website:

www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/applying-feed-tariff/roo-fit

Preliminary accreditation has been introduced for installations registering under the ROO-FIT process. This allows the tariff level to be fixed for a period of time, from the time of your preliminary accreditation application. For more information on the ROO-FIT process, refer to the Ofgem website (link above).

Micro CHP Pilot: The Micro CHP pilot will support up to 30,000 installations with a review to start when the 12,000th installation has occurred. To qualify the CHP unit must have an electrical capacity no greater than 2 kW.

Community Energy Schemes: The Feed-in Tariffs (Amendment) Order 2015 has introduced an exemption to the definition of the term “site” in the FIT legislation, which is effective from April 2015. The amendment allows two projects to share one grid connection and receive separate tariffs based on their individual generating capacity, provided that at least one project is owned by a community organisation. Both parties sharing the grid connection will be required to seek support under the FITs scheme. In order to enable Ofgem to treat the individually owned sections as separate eligible installations each will be required to register as separate FIT generators and to meter their generation separately.

Where to Find More Information

For more guidance and the most up-to-date information on Feed-in Tariffs, please see the following organisations’ websites:

- Energy Saving Trust — Initial port of call for information
www.energysavingtrust.org.uk/Generate-your-own-energy/Financial-incentives/Feed-In-Tariffs-scheme-FITs
- Carbon Trust — Initial port of call for information for businesses
www.carbontrust.com
- **Department for Business, Energy and Industrial Strategy (BEIS)** — Policy setting
<https://www.gov.uk/feed-in-tariffs>
- Ofgem—FIT administrator
www.ofgem.gov.uk/Sustainability/Environment/fits/Pages/fits.aspx

Note that your electricity supplier is your point of contact for the FIT scheme.