

Advisors Toolkit

Factsheet No 4.1

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Feed-In Tariffs

The Feed- In Tariffs scheme closed to new applications on 31 March 2019.

Note – the smart export guarantee effectively replaces The Feed in Tariff scheme. See Factsheet 4.0

Feed-In Tariffs (FiTs) are payments to ordinary energy users for the renewable electricity they generate.

The Feed-in Tariff (FIT) scheme is a UK government programme that was designed to promote the uptake of a range of small-scale renewable and low-carbon electricity generation technologies.

The tariffs are payments to anyone who owns an eligible renewable electricity installation for every kilowatt hour (kWh) of electricity they generate. They are applicable to households, landlords and businesses. Depending on the type of technology there is a maximum size (kW capacity) of installation which is eligible for FiTs.

Certain energy suppliers (known as FiTs licensees) handle FiTs applications and make FiTs payments. Large energy suppliers were required by law to be FiTs licensees. Some smaller suppliers also opted to do so. A list of licensees is available at: www.ofgem.gov.uk/environmental-programmes/fit/electricity-suppliers

Domestic technologies qualifying for the scheme included Solar Photovoltaics (PV), Wind Turbines, Hydro, Anaerobic Digestion (AD) and Micro Combined Heat and Power (CHP).

The tariffs provide three benefits

- a payment for electricity produced (including electricity used by the individual, landlord or organisation)
- additional payments for electricity exported to the grid
- a reduction on electricity bills, from using energy produced by the renewable technology installed

Tariffs will be paid for up to 20 years and vary depending on the type and scale of the installation. FiTs payments are exempt from income tax. All generation and export tariffs will be linked to the Retail Price Index (RPI).

All qualifying systems installed are eligible if they are MCS certified (Microgeneration Certification Scheme). For hydro installations and anaerobic digestion these must go through the ROO-FiT process.

A payment of up to 5.24p/kWh (for installations with an eligibility date on or before 31 March 2018) will be made for any surplus electricity generated **and** exported back to the grid. This is a fixed rate (though there is the option to negotiate an alternative rate with an electricity supplier), regardless of the type of renewable technology. Unless an Export Meter is installed the export element will be deemed to be 50% of the power generated by the renewable system.

Where ownership of a home or building changes, ownership of the generating technology also changes and the FiTs payments will transfer to the new owner.

FiTs is being paid for by the energy suppliers, however the costs for the scheme will ultimately be passed through to all electricity consumers through increased prices.

Tariffs

Tariffs can change as often as every three months. Once registered for FiTs, generation and export tariffs will last for as long as installation is eligible. They will be adjusted annually for inflation based on the Retail Prices Index. There are a range of tariffs payable, with the amount per kWh dependent on a number of factors i.e. the type of renewable installed, the 'eligibility date'/period in which a tariff date falls, the installed capacity of each particular technology, etc.

The table below lists some of the eligible measures and tariffs (for installations with an eligibility date between 1 April 2019 and 31 March 2020):

Renewable Technology	Scale	Generation Tariff level (pence/kWh)	Tariff lifetime (years)
Solar electricity (PV)	≤ 10 kW	3.79 (higher rate)	20
Solar electricity (PV)	> 10-50kW	4.03 (higher rate)	20
Wind	<50kW	8.24	20
Micro CHP	≤ 2kW	14.52	10
Hydroelectricity	≤ 100 kW	8.03	20

Tariffs can change every three months.

Comprehensive tables showing rate changes up to March 2019 are available from Ofgem <http://www.ofgem.gov.uk/environmental-programmes/fit/fit-tariff-rates>