

The UK Feed-In Tariff

The UK's first “Self” Energy Services Company

Self Energy UK is an ESCO (Energy Services Company) focused on the implementation of decentralised energy into the UK market with successful experience and expertise in other EU states.

With a “game changing” energy service utilising an innovative financial approach in conjunction with a strong management and technical team, we are perfectly positioned to deliver exciting revenues and profits.

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1 UK Solar Radiation

The UK Market has relatively strong solar radiation in the south, moving towards weaker solar radiation in the north, which has longer operational hours.

Map of Solar Radiation in the UK



Source: PVGIS

2 UK Legislative Framework

The UK Government Target is to generate 15% of its energy demand from renewable sources by 2020. As of December 2009, the energy supplied by renewable energy was under 2%. The new Conservative / Liberal Democrat coalition Government fully supports the Feed-in Tariff. The Renewables Obligation was implemented in 2001, and was designed to incentivise the delivery of small scale energy generation, but the scheme has proved too complex and not financially compelling enough to incentivise decentralised energy generation for most projects under 5MW.

The legislative framework for the FiTs was laid down in the 2008 Energy Act. This provided the 'enabling powers' for the Government to set up the Feed-in Tariffs. It did so by passing secondary legislation that was approved in March 2010.

3 The Feed-in Tariff (FiT) Explained

The name “Feed-in Tariff” (FiT) is based on the original German system which is a revenue for the system operator when it “feeds in” to the electricity grid. However, in the UK the name is misleading because it is based mainly on the amount generated rather than the amount exported. The name hasn’t caught up with this modified mechanism.

The UK FiT consists of 2 parts: the Generation Tariff and the Export Tariff. The Generation Tariff provides most of the tariff and varies depending on technology used, size of installation, and type of installation. **This generation tariff for PV is guaranteed for 25 years** (and index linked) and degrades over time for new installations. The UK Energy Regulator *Ofgem* is the administrator of the FiTs scheme. They will publish the updated tariff levels annually. The variation in the generation tariff is shown below:

Year	Tariff level for new installations in period (p/kWh) NB tariffs will be inflated annually										
	1	2	3	4	5	6	7	8	9	10	11
	1/4/10 - 31/3/11	to 31/3/12	to 31/3/13	to 31/3/14	to 31/3/15	to 31/3/16	to 31/3/17	to 31/3/18	to 31/3/19	to 31/3/20	to 31/3/21
<4kW new build	36.1	36.1	33.0	30.2	27.6	25.1	22.9	20.8	19.0	17.2	15.7
<4kW retrofit	41.3	41.3	37.8	34.6	31.6	28.8	26.2	23.8	21.7	19.7	18.0
>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
10 - 100 kW	31.4	31.4	28.7	26.3	24.0	21.9	19.9	18.1	16.5	15.0	13.6
100kW - 5MW	29.3	29.3	26.8	24.5	22.4	20.4	18.6	16.9	15.4	14.0	12.7
Stand alone system	29.3	29.3	26.8	24.5	22.4	20.4	18.6	16.9	15.4	14.0	12.7

- *There will be a review every 5 years (the first being in 2012 with could affect opportunities from April 2013 onwards)*
- *No degression in years 1 and 2*
- *“Retrofit” means installed on a building which is already occupied*
- *“New Build” means where installed on a new building before first occupation*
- *“Stand-alone” means not attached to a building and not wired to provide electricity to an occupied building*

In addition to the Generation Tariff, there is an Export Tariff which is a bonus payment for every kWh exported to the electricity grid. When this payment is received, the project is effectively selling that electricity to the supply company, who can then deliver it to other customers.

A 'floor price' has been set in the legislation at 3p/kWh. There is option to opt out of this fixed price and negotiate a better rate with your electricity supplier. Each year there is the opportunity to decide whether to accept the fixed 3p rate or to opt out.

Meters will be needed to measure each of the three energy flows (generation, import and export). A generation meter is included as part of any eligible renewable system installed. The UK is changing over to 'Smart Meters' in the next few years, and they will be able to cope with all this.

To prevent the need for installing an additional export meter before Smart Meters are introduced, it will be possible to 'deem' the level of exports as 50% of the total generation of the system.

Generators who believe their exports are substantially higher than this will be allowed to install suitable export meters and be paid on the metered level of exports.

The requirement for providing these readings will vary from supplier to supplier. Once Smart Meters are introduced the meters can be read remotely and some companies already offer this service. Otherwise the supply company may arrange for the meter reading or they may ask energy users to provide the readings.