

Feed-in Tariffs - the facts

Media Briefing

01 February 2010

The final proposals were launched today, for an April 2010 start

How Will FITs work?

FITs will pay everyday electricity consumer (households, businesses, farmers, schools, hospitals, etc.) for every kilowatt hour (i.e. "unit") of renewable electricity they generate themselves. This payment will continue for 20 years (25 for PV). In addition, each surplus kilowatt hour of electricity exported back to the grid will receive a minimum payment of 3p kWh. The maximum size of renewable electricity installation allowed will be 5MW (5 megawatts), allowing community schemes, or industrial users to benefit from the scheme.

Investors will be paid for their renewable generation by their normal electricity supplier, from whom they will still purchase any "top up" and to whom they will sell any surplus exported power. Different suppliers are at liberty to offer different payments for the export bonus so it may pay to shop around if you are likely to export more than you use.

Payments to any project remain fixed throughout the 20 (or 25) years. However prices paid are higher for people starting in the first 2-3 years of the scheme. The rates will decrease for those starting later after the initial 2-3 years for some technologies – shaded in the table below. This is because technology costs are expected to fall over time.

What is the purpose of the scheme?

The aim of FITs is to kick-start the mass deployment of renewables to help meet renewable targets and ultimately to bring technology costs down to "grid parity" where public support will no longer be needed. The REA believes that with the right support, technologies like PV solar panels will reach grid parity around 2020. Experience overseas shows that costs typically fall by 20% every time the number of installations doubles.

FITs are used in more than 40 countries around the world, to boost renewables deployment, drive down the costs of renewable energy, increase energy security (i.e. reduce dependence on imports) and reduce carbon emissions.

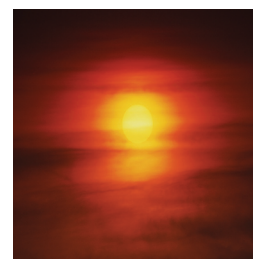
Many of the countries that have adopted feed in tariffs now benefit from strong renewable manufacturing industries, which create employment and export revenue.

FITs will also bring investment and participation in energy from far beyond the traditional energy sector. International experience shows FITs are extremely effective at attracting investment from homeowners, farmers, community-schemes and the public sector, as well as the commercial sector.

Who and What Qualifies for FITs?

From April, anyone or any organisation that invests in renewable power (or CHP) schemes up to 5MW can benefit from FITs. At the smallest end, a typical home might have a 2kW system fitted; at the largest end a community might install three large wind turbines totalling 5MW, to power thousands of homes. In between will be all types of technology and investor from community microhydro schemes, to farmers and local councils turning organic wastes into community heat and power through anaerobic digestion (also known biogas or AD).

All technologies for homeowners will be performance-approved under the Microgeneration Certification Scheme. This scheme also approves installers of renewable technologies. The REA also recommends looking for companies approved by the REAL Assurance scheme which denotes a high level of consumer care and protection.



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Generation tariffs 1 April 2010 – 31 March 2013

Technology	Scale	Tariff level for new installations in period (p/kWh) [NB tariffs will be inflated annually]			Tariff lifetime (years)
		Year 1: 1/4/10 – 31/3/11	Year 2: 1/4/11 – 31/3/12	Year 3: 1/4/12 – 31/3/13	
Anaerobic digestion	≤500kW	11.5	11.5	11.5	20
Anaerobic digestion	>500kW	9.0	9.0	9.0	20
Hydro	≤15 kW	19.9	19.9	19.9	20
Hydro	>15-100 kW	17.8	17.8	17.8	20
Hydro	>100 kW-2 MW	11.0	11.0	11.0	20
Hydro	>2 MW – 5 MW	4.5	4.5	4.5	20
MicroCHP pilot*	≤2 kW*	10*	10*	10*	10
PV	≤4 kW (new build**)	36.1	36.1	33.0	25
PV	≤4 kW (retrofit**)	41.3	41.3	37.8	25
PV	>4-10 kW	36.1	36.1	33.0	25
PV	>10-100 kW	31.4	31.4	28.7	25
PV	>100kW-5MW	29.3	29.3	26.8	25
PV	Stand alone system**	29.3	29.3	26.8	25
Wind	≤1.5kW	34.5	34.5	32.6	20
Wind	>1.5-15kW	26.7	26.7	25.5	20
Wind	>15-100kW	24.1	24.1	23.0	20
Wind	>100-500kW	18.8	18.8	18.8	20
Wind	>500kW-1.5MW	9.4	9.4	9.4	20
Wind	>1.5MW-5MW	4.5	4.5	4.5	20
Existing microgenerators transferred from the RO		9.0	9.0	9.0	to 2027

* Note the microCHP pilot will support up to 30,000 installations with a review to start when the 12,000th installation has occurred

Table above taken from the DECC Feed-in Tariff decision document - Feed-in Tariffs, Governments response to the Summer 2009 consultation

Who Pays for the Scheme?

The payments are made through a levy on the bills of all consumers of electricity, including business and industry users.

Why was the FIT needed?

The REA campaigned for this measure alongside Friends of the Earth and other organisations. We campaigned for FITs because it is more straightforward for electricity consumers than the Renewables Obligation. The Renewables Obligation is designed for larger power projects, and this continues to be UK's main policy for boosting renewable electricity generation. It is appropriate for those in the business of power project development, but less suitable for ordinary electricity consumers.

Consumers require long-term, stable frameworks that enable them to plan and invest. The steady nature of the FIT scheme helps deliver attractive rates of finance.



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