

Feed-In Tariffs

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

The tariffs have been introduced by the UK Government to help increase the level of renewable energy in the UK towards the legally binding target of 15% of total energy from renewables by 2020 (in 2009 this was under 2%).

The initial fast track review of the FiTs scheme was completed in May 2011. The review resulted in tariff reductions for solar PV larger than 50kW / standalone PV and increases for some anaerobic digestion installations. The first full review of the scheme is due in 2012.

The tariffs are payments to anyone who owns a renewable electricity system, 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 (kWh capacity) of installation which will be eligible for FiTs.

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

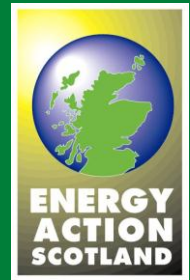
Tariffs will be paid for up to 25 years and vary depending on the type and scale of the installation. FiTs payments are exempt from income tax. All generation and export tariffs will be linked to the Retail Price Index (RPI).

Tariffs became payable in April 2010. All qualifying systems installed now are eligible, if they are MCS certified (Microgeneration Certification Scheme).

A payment of 3pence/kWh 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.

Until or unless a Smart Meter is installed the export element will be deemed to be 50% of the power generated by the renewable system.

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.



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Tariffs:

The table below shows some of the tariffs payable for installations completed between 15 July 2009 and 31 March 2012. After this date, rates will decrease each year for new entrants into the FiTs scheme.

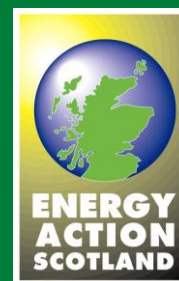
This table is for illustration purposes and was correct at April 2012; please refer directly to the Department of Energy and Climate Change for the current rates.

Renewable Technology	Scale	Tariff level (pence/kWh)	Tariff lifetime (years)
Solar electricity (PV)	≤ 4 kW	21	25
Wind	≤ 1.5 kW	35.8	20
Wind	> 1.5 - 15 kW	28.0	20
Micro CHP	≤ 2kW	11	10
Hydroelectricity	≤ 15 kW	21.9	20

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.

Please note:

Part of the full review process was brought forward to October 2011, with DECC consulting specifically on FiTs for Solar PV. In spite of concern and opposition, the Government decided to introduce restrictions on large scale solar installations and reduce the generation tariff significantly and with almost immediate effect. A recent judicial review ruled against the Government and a subsequent appeal by them failed. The Government appealed to the Supreme Court. This appeal also failed.



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