

# Accelerating a Low Carbon Economy: Feed-in tariffs consultation workshop

## Summary of Feed in Tariff proposed Changes



# Comprehensive Review: Phase I Consultation

[www.decc.gov.uk/fits](http://www.decc.gov.uk/fits)

Open until 23 December 2011

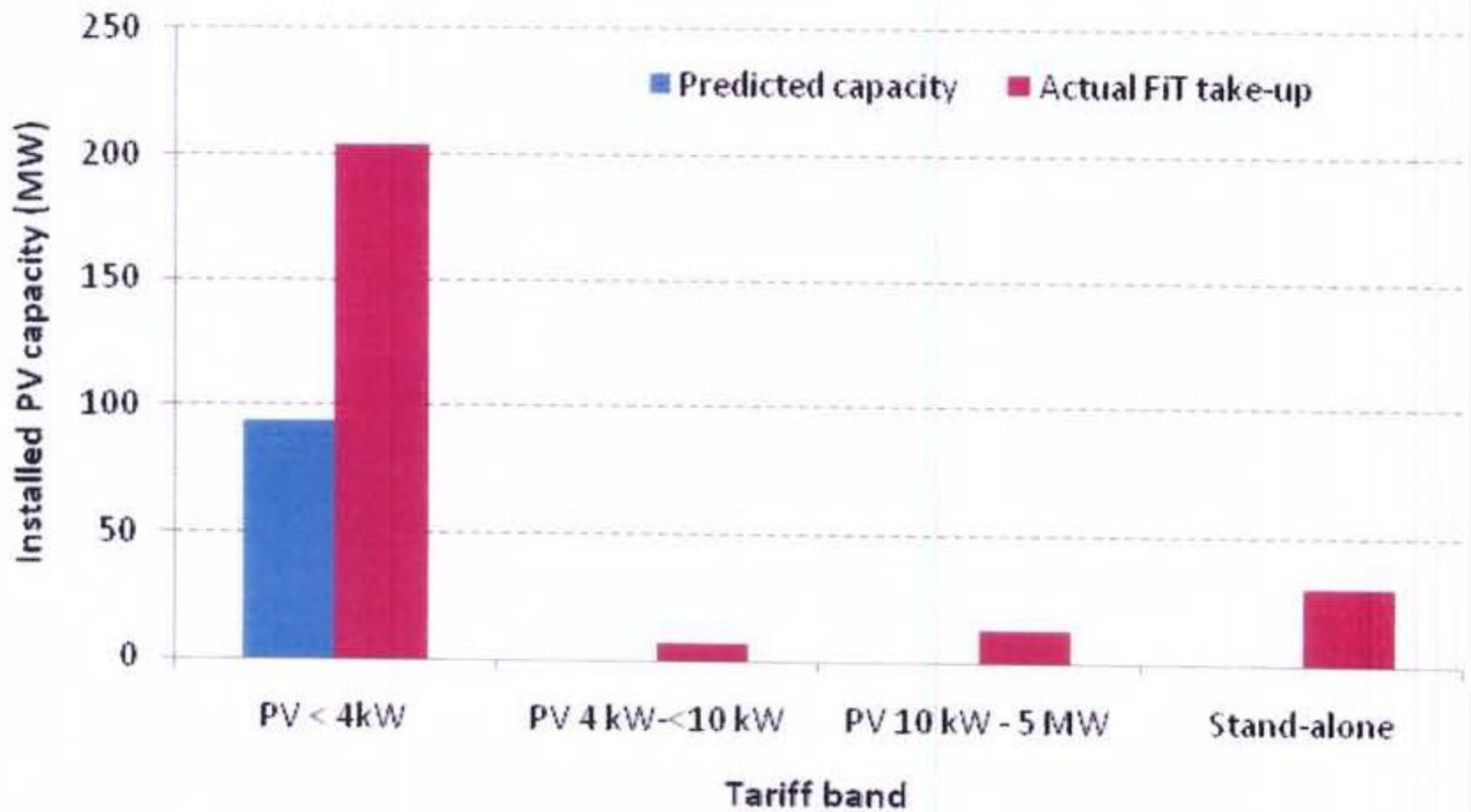
DECC Aim to publish results as early in New Year as possible...

DECC already had over 1000 responses which need to be analysed

# Comprehensive Review: objectives

- to ensure that FITs continue to deliver a contribution to DECC goals;
- to ensure that the FITs scheme complies with the levy control framework and delivers value for money for electricity consumers, who pay for it;
- data on which tariffs are based are up to date and sound basis for tariffs; and
- the scheme continues to work smoothly and fairly for all participants

### Predicted PV take-up compared to actual (as at 30th September 2011)



Actual data taken from Ofgem central FIT register

# FITS Totals by Installations 2<sup>nd</sup> DEC

Technology	Domestic Installations	Domestic Installations Installed Capacity (MW)	Commercial Installations	Commercial Installations Installed Capacity (MW)	Industrial Installations	Industrial Installations Installed Capacity (MW)	Community Installations	Community Installations Installed Capacity (MW)	Total Installations	Total Installed Capacity (MW)
Anaerobic digestion	0	0.000	12	10.727	1	0.500	0	0.000	13	11.227
Hydro	181	1.967	48	12.794	6	1.889	16	0.336	251	16.986
Micro CHP	311	0.314	0	0.000	0	0.000	1	0.001	312	0.315
Photovoltaic	126628	373.361	1964	93.884	111	17.994	526	3.801	129229	489.040
Wind	1538	12.358	341	14.335	20	3.595	123	3.205	2022	33.493
Total Installed Capacity (MW)		388.000		131.741		23.977		7.343		551.061
Total Installations	128658		2365		138		666		131827	

**Table 2: Feed in Tariffs budget for Spending Review period**

<i>Budget (nominal, undiscounted, £m)</i>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>Feed-in Tariffs</b>	80	161	269	357

**Key assumptions/sensitivities/risks**

**Discount rate (%)**

3.5

Uptake to April 2012 assumed to reflect pattern of growth to date. Growth in uptake from 2012-13 onwards from FITs model applied to DECC projections of uptake to April 2012. EPC level C requirement reduces uptake by up to 92% 2012-13 onwards compared to uptake under proposed tariffs. Green Deal requirement has no impact on uptake. 'Best' estimate of uptake under energy efficiency requirement is mid-point of EPC level C and Green Deal scenarios. Comprehensive Review Phase 2 not accounted for. Future PV costs uncertain due to volatility in worldwide PV market.

# Levies Control Framework

Published alongside Budget 2011

Covers Renewables Obligation, Feed-in Tariffs and Warm Home Discount

Key rules agreed between DECC and Treasury:

- Central forecast must be at or below agreed annual cap
- Agree reduction plans if cap is exceeded (urgently if headroom is also exceeded)
- No policy changes that do not also address overspend allowed if cap is breached
- Treasury may seek “financial contribution” i.e. gap funded from DECC’s internal budget, if we fail to agree a plan to reduce spend

# FITs spending envelope

2011-12: £80m

2012-13: £161

2013-14: £269


2014-15: £357 (10% reduction over  
Feb 2010 projections)

- This envelope is likely to be under pressure, even without the 10% cut
- These numbers are effectively cumulative, because of the 20-25 year tariff life of new installations



# Current and proposed generation tariffs for solar PV Band (kW) in p/kWh

<i>Band tariff</i>	<i>Current generation tariff</i>	<i>Proposed generation</i>
4kW and less(new build)	37.8	21.0
4kW and less (retrofit)	43.3	21.0
>4-10kW	37.8	16.8
>10-50kW	32.9	15.2
>50-100kW	19	12.9
>100-150kW	19	12.9
>150-250kW	15	12.9
>250kW-5MW	8.5	8.5*
stand alone	8.5	8.5*

 \*Note that these are the current tariffs which we are not proposing changing and which, like all other current tariffs, will be adjusted in line with the Retail Price Index from 1 April 2012.

# Tariff Change Proposals

New generation tariffs from **1 April 2012** to all new solar PV installations with an **eligibility date** on or after an earlier '**reference date**' which we propose should be **12 December 2011**.

Installations with an eligibility date before the **reference date** will not be affected and will continue to be eligible for the current generation tariffs.

Installations with an **eligibility date** between the reference date and **1 April 2012** would be eligible for the current generation tariffs for electricity generated before **1 April 2012**, but would move to the new generation tariffs for electricity generated on or after **1 April 2012**

# Energy Efficiency - Proposals

- **New domestic energy efficiency requirements - from 1 April 2012.** Where a domestic property does not meet these energy efficiency requirements, the Solar PV installation may receive the lower tariff of 9p/kWh. The UK Government is consulting on two alternative proposals:
  - that the owner or occupier should bring the property up to an **Energy Performance Certificate (EPC) rating of level C or above; or**
  - that the owner or occupier of a building should **undertake all the measures that are identified on an EPC as potentially eligible for Green Deal finance**, with no additional finance required.

35. There are two proposals for the level of energy efficiency required to receive the new tariffs. The first option would require the property to be brought up to an Energy Performance Certificate (EPC) rating of level C or above. Setting the requirement at EPC level C or above would mean that around 90% of houses would have to take action on energy efficiency before they would be eligible for the standard tariff.

# Multi-installation Tariff - Proposals

- **new multi-installation tariff rates for aggregated solar PV schemes**
- where a single individual or organisation owns or receives FIT payments from more than one PV installation, located on different sites.
- New tariff rates would apply to all new PV installations that are part of an aggregated PV scheme and have an eligibility date on or after 1 April 2012

# Community Projects - Proposals

Considering whether more could be done to enable genuine **community projects** to be able to fully benefit from FITs.

We will provide more detail on this in the **second consultation on the comprehensive review**

# FITs Comprehensive Review – Phase II

Tariff setting and cost-control (degression) into the future

Review of costs and tariffs for non PV technologies:

1. Hydro
  2. Wind
  3. microCHP
  4. AD
- Community owned installations
  - Eligibility and accreditation
  - Administration of the scheme