

## Feed in Tariff Explained

### Feed-in Tariff scheme

#### What is it?

A government scheme that pays owners of small scale renewable technologies<sup>1</sup> for every unit of electricity (kWh) that they generate. Feed-in Tariffs have been adopted in a number of other European countries and have been particularly successful in encouraging homeowners in Spain and Germany to install renewable technologies.

#### How does the FiT scheme work?

The FiT Scheme offers homeowners and generators of renewable energy financial returns for the energy they generate **and** export. The FiT replaces the existing payment system for domestic customers. A number of Feed-in Tariff (FiT) rates have been set by the government which vary depending on the technology. These rates are set to significantly shorten the payback period on some renewable technology investments and will help homeowners to become generators of energy rather than consumers.

The income earned from the power you generate and export from your renewable technology will be tax free, is index linked to the Retail Price Index (so increasing with inflation) and will apply to both new and existing installations. The length of the FiT schemes will vary depending on the technology, but for solar photovoltaics (panels that generate electricity); the scheme at the moment pays for 20 years. The income used to pay homeowners arises from a levy on electricity generated from fossil fuels, not through tax.

The Feed-in Tariff for solar thermal (panels that generate heat) called the Renewable Heat Incentive, was launched in April 2014. For more details about the RHI please contact Action Surrey on 0800 783 2503 or visit [www.actionsurrey.org](http://www.actionsurrey.org).

An example of how the Feed-in Tariff works can be found below:



#### 3kWp system

2,400 kWh generated per year

£345 generation tariff (14.38p/kWh)

£57 export tariff (4.77p/kWh assumed at 50% of total annual generation; 1,200 kWh)

£216 saved in electricity bills (18p/kWh assumed at 50% of total annual generation)

<sup>1</sup> Systems under 5,000 kW or 5MW

**Total financial benefit: £618**

- Installed system cost: £5,000 - £6,000
- Payback period 8 years (approx) which does not account for the increase in electricity prices
- Return on investment ~12%
- For this system approximately 24m<sup>2</sup> of **south-facing**, uninterrupted roof space would be required.
- This system would provide ~75% of an average family home's annual electricity consumption

These figures are indicative only and will vary from system to system. However, what it does provide is an idea of how the economics of renewable technologies are affected by the introduction of the FiT.

For a payback projection please visit

<http://www.energysavingtrust.org.uk/Generate-your-own-energy/Cashback-Calculator>

<http://www.energysavingtrust.org.uk/Generating-energy/Getting-money-back/Solar-Energy-Calculator>

**Please note: the government reviews the FiT rates on a quarterly basis. Please contact us for the latest rates and information.**

## How do I get paid?

You will need to have a 'generation' meter installed which your chosen energy supplier (also the company who buys your electricity generated by your panels) will request that you read on a regular basis. They will then credit you for what you have generated. This will probably be through your existing payment arrangements and is made on a quarterly basis but this will depend on the supplier of your FiT payments. Your supplier of FiT payments can also offer to buy your exported electricity as well. This is commonly a fixed amount; regardless of what you export (usually 50% of total annual generation). However, suppliers are flexible with this and you may be able to negotiate with them a better deal if you are due to export most of what you generate. If this is the case you may require an 'export meter' to be installed, which the supplier may or may not pay for.

## To qualify for the Feed-in Tariff you must:

- Install new equipment.
- Have the equipment installed by an installer who is accredited with the government's [Microgeneration Certification Scheme](#) (MCS).

- Have completed EPC (Energy Performance Certificate) of your property before the system was commissioned.
- Choose your Feed-in Tariff provider and complete an application form provided by them.
- Send completed application form together with the MCS certificate and the EPC to your chosen FiT supplier.

## Qs and As

### How do I find a supplier of FiT payments?

Ofgem maintain a list of [FiT suppliers](#).

Alternatively, Action Surrey can provide the list.

### I applied for FiT, what can I expect from my FiT supplier?

Your FiT provider will:

- Check whether your PV system was installed by MCS certified installer.
- Confirm your eligibility and when your payments will start from.
- Add your installation to the Ofgem Central FiT Register where all eligible installations are recorded.
- Discuss with you how often you will need to provide meter readings and how often (monthly, quarterly etc.) you will receive your FiT payments.

### Will I still get a grant alongside the FiT?

No. The grant scheme for technologies generating electricity has now closed.

### Where can I find out more?

The Energy Saving Trust has a very useful web page on the FIT:

<http://www.energysavingtrust.org.uk/Generate-your-own-energy/Sell-your-own-energy/Feed-in-Tariff-Clean-Energy-Cashback-scheme>

You can also give Action Surrey a call on **0800 783 2503** to find out more about installing solar panels or any other renewable technology.

**Action Surrey has installers who are all accredited with the MCS.**