

Feed-in Tariffs explained

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feed-in tariffs explained

Our factsheet has been updated

Following DECC's response to the Feed-in Tariffs (FITs) consultation, the highlights are:

- 1 Biomass installations will not be eligible for Feed-in Tariffs
- 2 The export tariff has been announced at 3p/kWh
- 3 MicroCHP (<2kW) will be eligible for Feed-in Tariffs on a pilot basis

Understanding Feed-in Tariffs

Feed-in Tariffs (FITs) are a new financial incentive for renewable generators with an installed capacity below 5MW (which is pretty big when you think a 3MW wind turbine is as tall as 11 double decker buses). It's been developed by the Department of Energy and Climate Change (DECC) and is designed to encourage individuals and businesses in the UK to generate renewable energy. FITs are still under development and DECC are currently working with energy suppliers and the government to finalise the detail. This factsheet aims to give you as much up-to-date information as we can at this stage. Please note that some of this information could change and many details are still to be finalised. This factsheet should therefore not be relied on as definitive and final guidance on FITs.

FITs aim to make renewable generation more financially viable by guaranteeing generators a long term fixed price for the renewable energy they produce. This will help the UK reach its 2020 target of generating 15% of the UK's energy from renewable sources. It's particularly designed for first time generators and aims to be simple and easy to follow.

What are Feed-in Tariffs?

FITs consists of two tariffs; a Generation Tariff and an Export Tariff.

Generation Tariff - a fixed rate that a generator will receive for every kilowatt of renewable energy generated regardless of where the energy is used. To measure the generation there must be an Ofgem approved total generation meter connected to the installation.

Export Tariff - a fixed 3p/kWh rate for the surplus amount of energy which is sent back to the electricity grid. This is measured by an export meter onsite and will initially be estimated for smaller installations. Generators will receive the export tariff in addition to the generation tariff.

The generation and export tariff will be guaranteed for twenty years for all newly accredited projects or twenty-five years for Solar Photovoltaics (PV) and will be paid by licensed energy suppliers. Micro CHP will be introduced on a trial basis and tariffs will be fixed for 10 years. Details on the generation tariff and export tariff were released by DECC in response to the consultation on 1st February 2010, and both tariffs will be linked to inflation.

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What types of generators are eligible to join FITs?

Generation stations set up after the 15th July 2009 and have an installed capacity of 5MW or less will be eligible for FITs.

See below for a list of eligible technology types:

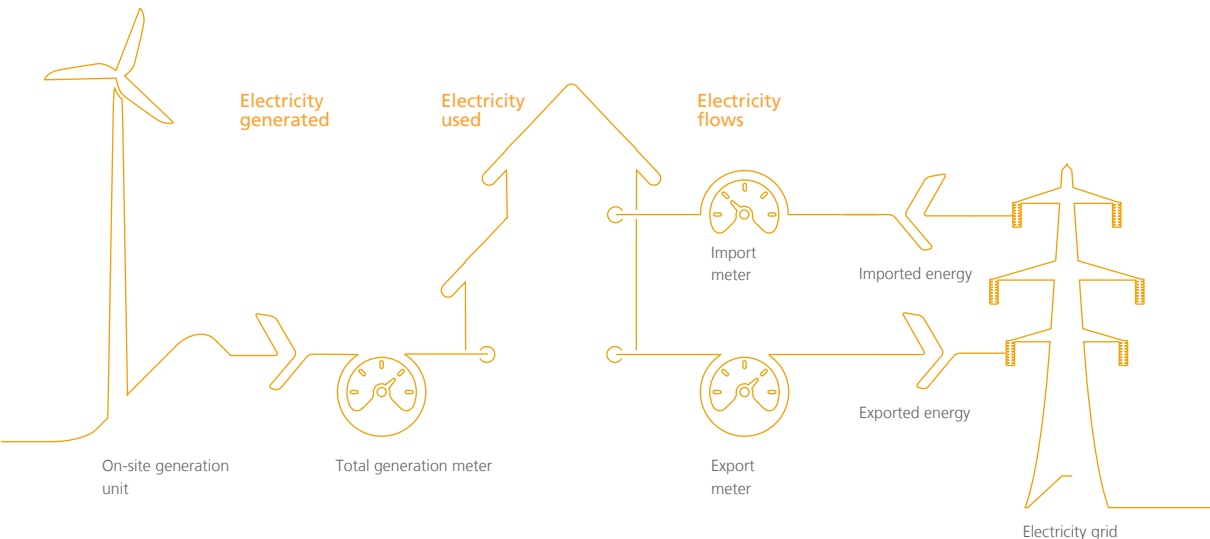
- Wind
- Solar PV
- Hydro
- Anaerobic digestion
- Micro CHP (<2kW)

Sewage gas, Biomass and Landfill gas will not qualify for FITs and will continue under the Renewable Obligation (RO).

How much money can I make from my generation system?

Generation Tariff as of 1st March

Technology	Scale	Generation Tariff p/KWh
Anaerobic Digestion	< 500kW	11.5
Anaerobic Digestion	> 500kW	9
Hydro	<15kW	19.9
Hydro	> 15kW	17.8
Hydro	> 100kW	11
Hydro	> 2MW	4.5
Micro CHP	< 2kW	10
PV	< 4KW (new build)	36.1
PV	< 4 kW (retrofit)	41.3
PV	> 4kW	36.1
PV	> 10kW	31.4
PV	> 100kW	29.3
Wind	< 1.5kW	34.5
Wind	> 1.5kW	26.7
Wind	> 15kW	24.1
Wind	> 100kW	18.8
Wind	> 500KW	9.4
Wind	> 1.5MW	4.5
Existing Micro generators transferring from the RO		9





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FITs will replace the Renewable Obligation (RO) for a lot of generators

In 2002, the government introduced the RO as an incentive for generating renewable energy. This scheme issues Renewable Obligation Certificates (ROCs) to accredited generators for every MWh produced. Generators can then sell these certificates plus any exported energy to an energy supplier.

FITs will replace the RO for all RO accredited generators up to 50KW, with a view to make the process as simple as possible. Generators which were commissioned before the 15th July 2009 and accredited under the RO will be eligible to transfer into FITs and receive a Generation Tariff of 9p/kWh (this is considered to be broadly in line with what a generator had previously received under the RO) and will be index linked up until 2027. Eligible generators up to 50KW commissioned after 15th July 2009 will be entitled to the new tariff and should contact their energy supplier for more details on how to sign up to Feed-in Tariffs. Eligible generators commissioned after the 15th July 2009 with an installed capacity between 50KW and 5MW will have a one off option to join FITs or the RO.

To opt in/out, DECC have set up a mail box where generators can declare their intent. This decision is not transferable and must be considered alongside any commercial arrangements that already exist. To find out more on opting into Feed-in Tariffs please contact Ofgem on **0207 901 7310** or **renewable@ofgem.gov.uk**

Installations commissioned before 15th July 2009 which have not been accredited under the RO will not be eligible for Feed-in Tariffs. If your installation falls into this category you may want to consider applying for accreditation before 31st March 2010 by ringing our dedicated Feed-in Tariffs helpline on **0800 404 9087***

FITs aim to encourage generators to use energy onsite and save carbon

FITs are designed to encourage generators to use as much electricity onsite as possible, rather than exporting it. This is a carbon effective approach because during the process of transferring power across the Transmission System, some of the power is 'lost'. This lost power is known as transmission losses and currently accounts for about 1.5% of the electricity transmitted.

So by using the energy generated onsite, none or very little renewable energy will be lost due to transmission. In addition the site should see a corresponding decrease in electricity bills because less standard mixed energy will be required from your energy provider.

Where can I get more information on FITs?

Click here to review the consultation documents produced by the Department of Energy and Climate Change, which include a detailed overview of FITs.

Alternatively please contact our dedicated Feed-in Tariffs Team on **0800 404 9087*** or **feedintariffs@edfenergy.com**



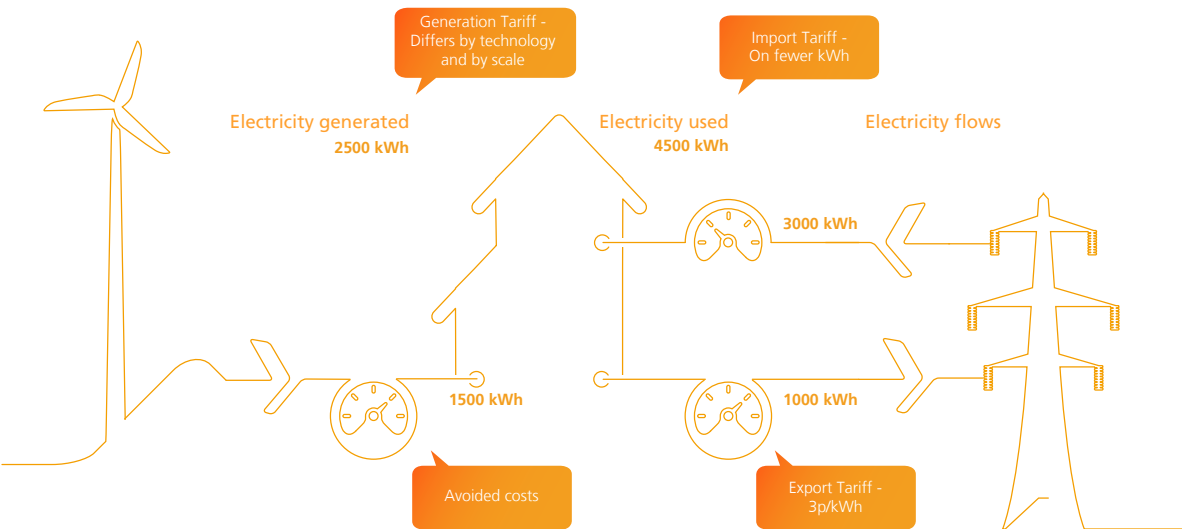
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*Lines available 8am to 8pm Monday to Friday and 8.30am to 2pm on Saturday. Calls may be monitored and recorded as part of our customer care programme. Calls to '0800' numbers are free from BT landlines. Other network operators may charge for these calls.

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Case study

Below is a case study which explains how the different tariffs within FITs will operate. We've taken the example of a small wind turbine generating energy over one year.



Calculating the benefit

Element	Before generation	After generation
Electricity bill	4,500 kWh x 10p = -£450	3,000 kWh x 10p = -£300
Generation payment	0	2,500 kWh x 26.7p = £667.50
Export payment	0	1,000 kWh x 3p = £30
Net benefit	-£450	£397.50



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