

## Low Carbon Buildings Programme - Phase 2 Extended (LCBP2E)

### Frequently Asked Questions – Feed in Tariffs (FITs) and LCBP2E

#### **What are the current changes to LCBP2E?**

*Phase-1 and Phase-2 have closed to all new applications for grants for electrical microgeneration from Wednesday 3rd February (5pm), which was shortly after the publication of the Government's consultation on the Feed-In Tariffs (FIT's) on the 1st February 2010.*

#### **Why are these changes being made**

*The publication of the of the Government's decision document on the Feed-In Tariffs (FITs) on Monday 1st February will provide additional certainty for the industry to continue to develop and was in advance of the introduction of feed in tariffs in April 2010.*

*The closure of the programmes to electrical microgeneration projects will allow the remaining un-allocated funding to focus on supporting thermal Microgeneration projects until the introduction of the Renewable Heat Incentives (RHI's) scheduled for April 2011, or until funds last, whichever one is sooner.*

*The Feed-In Tariffs are due to come in on 1st April 2010*

#### **Will my current grant offer letter still be valid?**

*If you have a current valid Grant Offer Letter for electrical microgeneration equipment, as long as it has not expired, then it will still be valid up to its expiry date.*

#### **Will my application still be valid as I made it a month ago?**

*Applications that have been received before 5.00pm on 3rd February will still be processed and accepted/rejected on merit as before. We will not be accepting new applications after this time.*

#### **Can I still get a grant for solar thermal and other heat generating technologies?**

*Both Phases of LCBP remain open to new applications for thermal microgeneration including Solar Thermal, heat pumps, wood fuelled boilers and automated pellet stoves. The LCBP programme has however got a finite budget and we will continue to offer grants until that budget limit (£131 million) is reached.*

#### **Why was the closure announced so suddenly?**

*DECC had to take a decision based on the amount of **funding remaining unallocated**. DECC would like to offer support to the thermal microgeneration sector in the run-up to the Renewable Heat Incentive (RHI). However the demand for electrical microgeneration grants has been unprecedented and it was therefore decided that it would be best to make the announcement without delay, leaving little time to give warning of closure. Unfortunately it was therefore not possible to phase this closure with the FIT's announcement in April 2010.*

#### **How much of LCBP funding has been committed to electrical microgeneration?**

*The LCBP Programme, which has been running since 2006, has so far supported over 14,500 grants to householders and 3,000 grants to schools, churches, communities and other not-for-profit organisations. This covers installations of small scale to community sized projects for on site renewable energy technologies such as solar photovoltaics, wind turbines, biomass boiler and other technologies covered by LCBP.*

The Low Carbon Buildings Programme has committed, to date, over £62 million (64%) of funding to electrical microgeneration of which £54 million has been committed to support solar photovoltaic installations.

## Feed-in tariffs (FITs) and the Low Carbon Buildings Programme (LCBP)

Following the publication of the Government’s response to the feed-in tariffs consultation there has been uncertainty over eligibility for feed-in tariffs where grant support has been provided, in particular in relation to phases 1 and 2 of the Low Carbon Buildings Programme.

The following guidance has been produced to offer clarification of the various scenarios. Should you have additional questions, then please contact the Renewable Financial Incentives team at [rfi@decc.gsi.gov.uk](mailto:rfi@decc.gsi.gov.uk).

### Non-domestic properties and LCBP Phase 2

Where a project has received LCBP Phase 2 support:

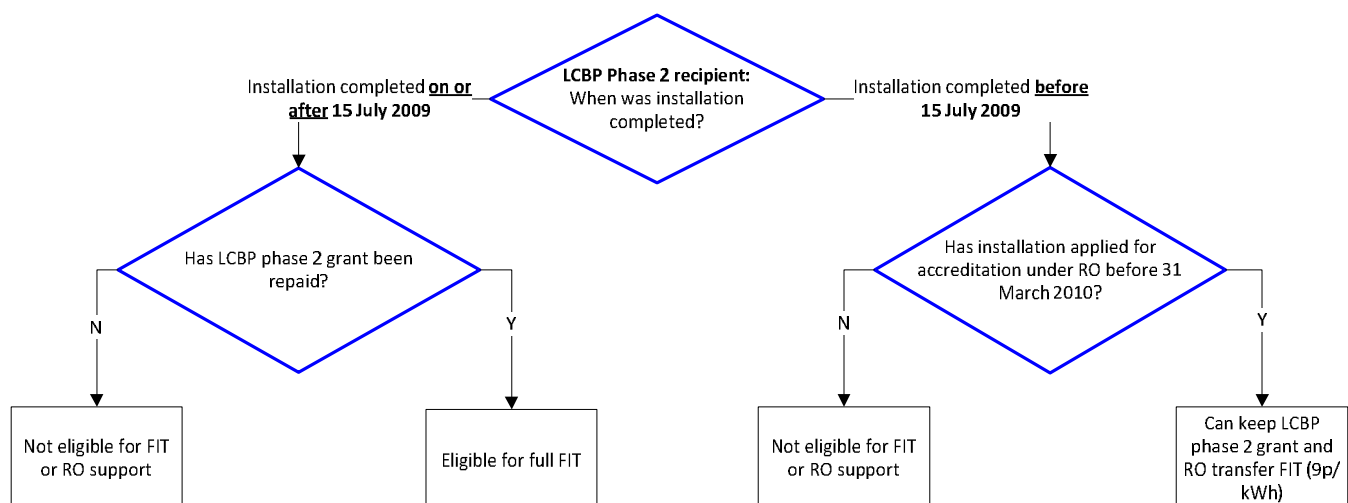
#### If the installation was completed before 15 July 2009:

- Any installation accredited under the RO on or before 31 March 2010 will transfer to the “existing microgenerators transferred from the RO” 9p/kWh tariff and will receive this tariff until 2027.
- Any installation not accredited under the RO on or before 31 March 2010 will not be eligible to receive support through the feed-in tariff and will not be eligible for RO support as of 1 April 2010.

#### If the installation was completed on or after 15 July 2009:

- LCBP phase 2 recipients have the option of keeping / receiving the LCBP phase 2 grant or receiving feed-in tariff support. **They cannot have both.**
- The “existing microgenerators transferred from the RO” 9p/kWh tariff **is not available** to these installations since they were not existing microgenerators on 15 July 2009.
- Therefore an installation that has not yet commissioned has the option of:
  - **keeping** the LCBP phase 2 grant and not receiving any additional support; or
  - **repaying** the LCBP phase 2 grant and receiving the appropriate FIT

### LCBP Phase 2 recipients and FITs flow chart



## **Householders: grants received through LCBP Phase 1**

### **If the installation was completed before 15 July 2009:**

- *Any installation accredited under the RO on or before 31 March 2010 will transfer to the “existing microgenerators transferred from the RO” 9p/kWh tariff and will receive this tariff until 2027.*
- *Any installation not accredited under the RO on or before 31 March 2010 will not be eligible to receive support through the feed-in tariff and will not be eligible for RO support as of 1 April 2010.*

### **If the installation was completed on or after 15 July 2009:**

- *As an exception to the usual treatment of grant support and FITs, householders may keep the grant support received through the Low Carbon Buildings Programme phase 1 and receive the full tariff rate.*

## **Other grant schemes**

- *Final rules for the scheme will have to comply with EU rules on state aid, and treatment of grant payments combined with FITs income will be dependent on ensuring compliance with those rules. Clearly there may be issues where installations receive grant support to assist with capital costs and then attempt to claim FITs which have been designed to provide ongoing revenue to offset capital costs.*
- *Accepting grants in relation to capital costs of a project may therefore affect eligibility for FITs payments.*

## **Q&A**

NB Access to FITs is always dependent on meeting the FITs eligibility criteria as a first step. Where reference is made to being able to access FITs on this page it is always on the assumption that other scheme eligibility criteria have been met.

### **What about a grant that I received from a private company? Can I use that and still get FITs?**

- *There is no restriction on receiving FITs support in addition to a grant from a company, unless the grant is made on behalf of, or using funds from, a public body, in which case the grant will be treated in the same way as a grant by a public body.*

### **Why won't you let me have both the LCBP grant and FITs?**

- *The FIT levels have been set to provide an approximate rate of return for investors based on the installed cost of generating technologies. Using public funds to provide grant funding for these installations lowers the installed cost of generating technologies for grant recipients and therefore if we were to allow grant funding and FIT funding we would have to demonstrate that these projects were not being over-compensated.*
- *FITs have been put in place to provide a long term financial support mechanism for the generation of small scale low carbon electricity. They replace grant schemes that have operated previously.*
- *Householders are being treated as an exception because of the potential disproportionate cost of requiring funding to be paid back from a very large number of recipients of relatively small grant amounts*

### **How do I repay my grant to get FITs?**

*You should contact the grant issuer in the first instance.*

### **Do I have to pay interest on my grant when paying it back?**

*You may have to – contact the grant issuer for more information*

## **Can I get FITs and then repay my grant when I have enough money?**

*No. The grant must be repaid in order to be eligible for FITs support.*

## **I can't afford to pay back my grant, how do I get a FIT?**

*We are trying to provide flexibility for generators who installed after 15 July 2009 to choose either grant support or FITs. If an organisation is unable to pay back their grant then they will be unable to claim FITs.*

## **I'm considering applying for a grant – how do I know if grants or FITs are better for my organisation?**

- *That will depend on the individual circumstances of the organisation. Organisations can use the finalised FITs tariffs to predict what their income will be through FITs, and should compare this against the grant offers that are available. Suppliers of relevant technologies may also be able to provide advice.*
- *Government cannot advise on which option organisations should take.*

## **Where can I get further information?**

*DECC Renewable Financial Incentives team at [rfi@decc.gsi.gov.uk](mailto:rfi@decc.gsi.gov.uk).*

*DECC announcement to close LCBP to all new applications for electricity generating microtechnologies.*

*[www.lowcarbonbuildingsphase2.org.uk/page.jsp?id=39](http://www.lowcarbonbuildingsphase2.org.uk/page.jsp?id=39)*

*FIT consultation and response*

*[www.decc.gov.uk/en/content/cms/consultations/elec\\_financial/elec\\_financial.aspx](http://www.decc.gov.uk/en/content/cms/consultations/elec_financial/elec_financial.aspx)*

*Queries about claiming ROCs – check with your installer or go to the Ofgem website –*

*[www.ofgem.gov.uk/Sustainability/Environment/RenewablObl/Pages/RenewablObl.aspx](http://www.ofgem.gov.uk/Sustainability/Environment/RenewablObl/Pages/RenewablObl.aspx).*