

# Community Sustainable Energy Programme

## Frequently Asked Questions Feed In Tariff (FIT) and Grants

### Feed-in tariffs (FITs) and Grants

Please check the DECC and Ofgem websites for the latest information on this.

[www.decc.gov.uk/en/content/cms/what\\_we\\_do/uk\\_supply/energy\\_mix/renewable/feedin\\_tariff/FITs\\_Grant/FITs\\_Grant.aspx](http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/renewable/feedin_tariff/FITs_Grant/FITs_Grant.aspx)

and

[www.ofgem.gov.uk/Pages/OfgemHome.aspx](http://www.ofgem.gov.uk/Pages/OfgemHome.aspx)

In general the FITs scheme is intended to replace, not supplement, public grant schemes as the principal means of incentivising small scale, low-carbon electricity generation. Because of this, and to ensure value for money for consumers and compliance with EU law on state aids, it is generally not possible for a generator to benefit from both FITs and a grant from a public body except in specific circumstances. These are set out in the [Feed-in Tariffs \(Specified Maximum Capacity and Functions\) Order at <http://www.legislation.gov.uk/ukxi/2010/678/contents/made>](http://www.legislation.gov.uk/ukxi/2010/678/contents/made) and should be read alongside the additional clarification provided following the European Commission's consideration of the FITs scheme in relation to state aid

[http://ec.europa.eu/competition/state\\_aid/register/ii/by\\_case\\_nr\\_n2010\\_0090.html#94](http://ec.europa.eu/competition/state_aid/register/ii/by_case_nr_n2010_0090.html#94).

Final decisions on eligibility are the responsibility of Ofgem. Ofgem may not accredit for FITs any installation that has received a grant from a public body except in certain circumstances.

### These exemptions are:

i. Permitted grants (as specified in Article 8 of the Order) i.e. those made before 1st April 2010 in respect of the costs of: -

- an eligible installation commissioned before 15th July 2009; or
- an eligible installation on a residential property commissioned between 15th July 2009 and 31st March 2010

Also see General Information on FITs – Eligibility of Installations.

ii. Those complying under de minimis regulation

Recipients of publicly funded grants for a plant will be eligible for the FIT scheme for that plant without having to repay the moneys received if they are in compliance with the [EU's rules on de minimis aid](#) - i.e. if they have not received support from public funds (including FITs payments) that would exceed thresholds specified in de minimis regulations (€200,000 over a period of three years in most cases). [\[Further information is also available on the BIS state aid pages.\]](#)

Note: this means that many generators who were previously expected to be ineligible for both FITs and grants e.g. under the Low Carbon Buildings Programme (LCBP) may now be eligible.

iii. Those who can demonstrate that a publicly funded grant is for justifiable non-standardised costs

Non-standardised costs are those additional costs incurred as a result of measures taken to reduce the environmental impact of an installation.

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Contact Ofgem ([www.ofgem.gov.uk/Pages/OfgemHome.aspx](http://www.ofgem.gov.uk/Pages/OfgemHome.aspx)) or your FITs supplier for further information on eligibility for FITs, including for plant that have benefited from public grants. DECC are intending to update the Order ([www.legislation.gov.uk/ukxi/2010/678/contents/made](http://www.legislation.gov.uk/ukxi/2010/678/contents/made)) so that it is consistent with the Commission's decision and to ensure that the FITs scheme continues to provide value for money for consumers. Further information will be provided in due course.

## Will I have to pay back grant aid I have received?

Businesses and not for profit organisations who received grant aid from the LCBP Phase 2 other public bodies may not have to pay back money they received in order to qualify for the FIT. This applies to the following cases:

If you have received a permitted grant, i.e. those commissioned before 15th July 2009.

Or if you have received a public grant you can still apply to Ofgem and they will assess your application to find out if you are compliant with the EU's rules on de minimis aid. Hence if your organisation has received support from public funds which in total (including FITs payments) will not exceed thresholds specified in the de minimis regulations (Euro 200,000 over a period of three years - covering the current and past two years) you might be able to keep the grant and receive FIT payments.

Or if you can demonstrate that a publicly funded grant is for justifiable non-standardised costs.

Non-standardised costs are those additional costs incurred as a result of measures taken to reduce the environmental impact of an installation.

## How can I apply / What should I do if I want to apply?

No one will receive FITs payments until after the scheme is launched. There's still a lot of work to do before people can apply for support.

At the very smallest scales, the Microgeneration Certification Scheme (MCS) can give you further information about the technologies and a list of installers in your area who you can then contact you to arrange an assessment for your home. Their website can be found at:

[www.microgenerationcertification.org](http://www.microgenerationcertification.org)

DECC and Ofgem provide further information on their websites

[www.ofgem.gov.uk/Pages/OfgemHome.aspx](http://www.ofgem.gov.uk/Pages/OfgemHome.aspx) and

[www.decc.gov.uk/en/content/cms/what\\_we\\_do/uk\\_supply/energy\\_mix/renewable/feedin\\_tariff/FITs\\_Grant/FITs\\_Grant.aspx](http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/renewable/feedin_tariff/FITs_Grant/FITs_Grant.aspx)

## How much will a typical community project get?

The financial benefit from FITs would vary from one project to another, and would depend on such factors as type and size of technology used to generate electricity and the amount of electricity used by households.

As an example, based on our proposed tariff levels, an average community project installing a solar PV panel of around 8 kW peak could get FITs payments in the region of £2,800 and energy bill savings of around £600 per annum.

## Am I eligible to keep the public grant and receive FITs if the grant was made on or after the 1<sup>st</sup> April 2010?

Businesses and not for profit organisations will not be able to keep the grant, unless you can demonstrate to Ofgem that you are compliant with the EU's rules on de minimis aid. Hence if your organisation has not received support from public funds (including FITs payments) that would exceed thresholds specified in de minimis regulations (€200,000 over a period of three years in most cases)

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you might be able to keep the grant and receive FIT payments. Or if you can demonstrate that a publicly funded grant is for justifiable non-standardised costs. Non-standardised costs are those additional costs incurred as a result of measures taken to reduce the environmental impact of an installation.

**Am I eligible for FIT if the installation received a grant prior to the 1<sup>st</sup> April 2010 and is accredited under the Renewable Obligation Order (ROO)?**

Possibly, if you can demonstrate exemption as per Ofgem guidelines, (see summary on first page) and if the installation:

(a) has a declared net capacity of 50 kilowatts or less;

(b) was accredited under the ROO on or before the 31st March 2010; and

c) uses one of the following eligible low-carbon energy sources:

(i) anaerobic digestion;

(ii) hydro generating station;

(iii) solar photovoltaic; or

(iv) wind.

Existing installations operating with ROO support, will be transferred to FITs and continue to receive the ROO equivalent generation tariff.

**Am I eligible for FITs if the installation has not been accredited under the Renewable Obligation (RO) and was installed prior to the 15<sup>th</sup> July 2009?**

No, the deadline for applying to the RO (for installations below the 50kW capacity) was 31<sup>st</sup> March 2010.

**Will FITs payments be taxed?**

As announced in the Pre-Budget Report 2009, household income received from FITs eligible installations will not be taxed where the generation does not significantly exceed household usage. Non-householders will need to include income through FITs in their returns.

**How were the tariff levels developed?**

DECC based the tariffs on the costs of installed technologies at different scales and on providing a return to investors of approximately 5-8% for well sited installations. The tariffs will also be linked to RPI.

**How often will I get paid?**

It will be up to the suppliers paying FITs to decide their own procedures for paying generators subject to minimum standards (e.g. quarterly payments) to ensure consistency and fairness for generators and prevent abuse by suppliers, as well as to ensure the functioning of the levelisation process. This will allow suppliers to integrate metering and payments into their existing processes and deliver cost savings to their customers, and will allow for flexibility and innovation in the design of systems. We ultimately expect that FITs will be fully integrated into existing electricity market structures.

**What will be the impact on consumer bills?**

Based on DECC assumptions and predicted level of uptake it is expected that domestic consumer electricity bills to be approximately £11 higher per household per year in 2020 as a result of FITs.

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[http://www.decc.gov.uk/en/content/cms/what\\_we\\_do/uk\\_supply/energy\\_mix/renewable/feedin\\_tariff/FITs\\_Grant/FITs\\_Grant.aspx](http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/renewable/feedin_tariff/FITs_Grant/FITs_Grant.aspx)

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=2&refer=Sustainability/Environment/fits>

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