



Making a positive difference  
for energy consumers

Feed-in Tariff (FIT) Scheme  
Generators and other interested  
parties

Email: [REDevelopment@ofgem.gov.uk](mailto:REDevelopment@ofgem.gov.uk)

Date: 07 June 2021

Dear Stakeholder

**Feed-in Tariff (FIT) Scheme: Consultation on replacement generating equipment**

We are writing to you inform you that we are seeking views on proposed treatment of replacement generating equipment on the FIT scheme.

We invite stakeholders to provide feedback. The closing date for providing comment is 4 August 2021.

Why have we published this consultation?

In recent years, we have seen increasing numbers of queries from FIT generators and industry stakeholders seeking clarity on how certain changes, repairs or replacement of generating equipment at accredited FIT installations may affect it's accreditation.

As administrator of the FIT scheme, Ofgem has adopted a risk-based approach to its administration of the replacement of generating equipment. We assess changes to an installation on a case by case basis, and where all generating equipment directly related to the generation of renewable electricity is removed or replaced, it is understood that this may impact the accreditation and the FIT support received for that installation. In cases where the installation is considered decommissioned, Ofgem will withdraw the FIT accreditation.

Following the closure of the scheme in 2019, we recognise that the risks that existed during the early stages of the scheme and pre-closure are different to those risks facing the scheme today. We also recognise that as the average age of accredited FIT installations increases, the likelihood of repair or replacement increases.

Having listened to the concerns of stakeholders, we have considered our approach to replacement generating equipment in context of the current scheme and the change in risk. In the spirit of open administration, we are proposing to clarify our approach to replacement of generating equipment and provide additional guidance to FIT generators on what equipment may be replaced without affecting accreditation. Further details are contained in Appendix A of this consultation.

#### Input requested

In appendix 1 we set out our proposal in detail. When providing comment please consider the following questions:

**Question 1:** Do you agree with our proposed approach relating to replacement of generating equipment on the FIT scheme?

**Question 2:** Are there any other considerations that Ofgem should take account of in order to ensure the proposed approach effectively addresses the considerations detailed in Appendix 1, and continues to protect the public purse?

**Question 3:** Do you agree with the proposed guidance changes detailed in annex 2?

#### How to respond

Responses should be marked 'Feed-in Tariff (FIT) Scheme: Consultation on the treatment of replacement generating equipment' and sent to: [REDevelopment@ofgem.gov.uk](mailto:REDevelopment@ofgem.gov.uk).

If you would like to discuss the proposals ahead of sending your response, please email: [REDevelopment@ofgem.gov.uk](mailto:REDevelopment@ofgem.gov.uk).

Please be aware that this is not a consultation on changes to the legislation underpinning the treatment of replacement generating equipment under the FIT scheme, but on the interpretations that Ofgem intends to use to respond to this issue going forward.

### Next steps

Once we have considered the responses to this consultation we will publish a decision and make any necessary changes to the "Feed-in Tariffs: Guidance for Licensed Electricity Suppliers" and "Feed-in Tariffs: Guidance for Renewable installations".

Yours faithfully,

**FIT Policy Team**

## **Appendix 1: Proposal on on the treatment of replacement generating equipment**

### What is “generating equipment” and why is it important?

An “eligible installation” under the FIT scheme is defined as any plant on site which is capable of Small-scale Low-carbon Generation<sup>1</sup>.

In 2013, Ofgem consulted on how to define the “generating equipment” located on a site<sup>2</sup> for the purposes of administering Article 7 of the FIT Order 2012 (as amended). This consultation explained how Ofgem would interpret the ‘generating equipment’ for each technology supported under the FIT scheme. The decisions published under this consultation have subsequently been used by Ofgem when assessing changes made to an installation.

The link between generating equipment and the “eligible installation”, ensured that an installation which used previously accredited generating equipment would not have been eligible for accreditation. Where a FIT generator replaces all of the “generating equipment” on site, it could follow that the accredited eligible installation no-longer exists and as such, Ofgem will withdraw the FIT accreditation. We take such action when an installation has been modified in such a way that it would not be entitled to accreditation<sup>3</sup>.

This approach has allowed Ofgem to deliver the scheme effectively whilst safeguarding against fraud.

### Why are we proposing to change our interpretation?

As we have moved through the FIT scheme lifecycle, the risks posed by replacing generating equipment earlier in the scheme have now changed. We have reassessed the risks and consider that our approach should change to reflect those that now exist post-scheme closure, and the changing circumstances faced by accredited FIT generators.

In considering this, we recognise that:

- the maximum duration of FIT support for accredited FIT installations (the ‘eligibility period’) can be greater than the life expectancy of certain generating equipment;

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<sup>1</sup> See Schedule A to Standard Condition 33 of the Electricity Supply Licence.

<sup>2</sup> As set out in the [2013 Feed-in Tariff “Generating equipment” decision](#) for each technology type.

<sup>3</sup> In accordance with Article 17 of the FIT Order.

- as the average age of accredited FIT installations increases, so does the likelihood that generating equipment needs to be replaced;
- in the event of damage or malfunction, the replacement of generating equipment is sometimes necessary to ensure safe and efficient generation;
- the risk to accreditation varies across technology types, with some technologies comprising multiple generating equipment components whereas others consist of one containerised component; and
- since the closure of the scheme on 1 April 2019, where accreditation is withdrawn as a result of the replacement of generating equipment, an accreditation application can no longer be made for another eligible installation on site.

In response, we propose amending our approach to replacing generating equipment to meet the current fraud risks faced by the FIT scheme and provide a proportionate level of security to FIT generators for the remainder of the eligibility period of their accredited FIT installation(s).

#### Proposed approach to replacing generating equipment

Having considered the FIT Order 2012 and the Supply Licence conditions, as well as the change in circumstances listed above, we propose that the scope of plant covered by the definition of 'Eligible Installation' goes beyond what is considered the 'generating equipment' for each technology type supported under the scheme. As such, when making our assessment of changes to an eligible installation we will take into account all plant that forms part of the eligible installation, instead of only the generating equipment. This treats all parts of the installation up to the point of grid connection as being accredited.

In doing so, the scheme will continue to be administered in accordance with the FIT Order and the Supply Licence Conditions, whilst allowing Generators to carry out necessary repairs and maintenance in a straightforward manner and at a reduced risk of losing FIT accreditation. The act of replacing generating equipment would not, in itself, result in the withdrawal of accreditation and any such modifications would not be taken into regard unless there is a breach of the scheme rules. This includes, but is not limited to, where an accredited FIT installation is:

- decommissioned in its entirety or relocated to another site;
- changed such that, in generating electricity, it no longer relies wholly or mainly on an Eligible Low-carbon Energy Source; or

- modified such that the capacity of the installation changes

Modifications would continue to be reviewed on a case-by-case basis.

We recognise that decommissioning may occur without the intention of the generator (e.g. by an Act of God or house fire). Even with our proposed approach, should all parts of the eligible installation be destroyed, accreditation would end in accordance with the FIT Order.

To reflect changes, relevant parts of the published FIT guidance will be updated. This is detailed in Appendix 2.

## Appendix 2: Published guidance changes

Changes would be made to the following published guidance documents:

- Feed-in Tariffs: Guidance for Licensed Electricity Suppliers
  - Chapter 8: Changes to installations
- Guidance for Renewable installations
  - 6. Chapter 6: Decommissioning and repairing accredited FIT installations

Proposed text:

### Feed-in Tariffs: Guidance for Licensed Electricity Suppliers

#### **8. Changes to installations**

To replace paragraphs 8.2 – 8.3 with:

- 8.2. *If all parts of the accredited FIT installation are removed or replaced, the installation will be seen as decommissioned.*
- 8.3. *Where an installation has been decommissioned, the FIT licensee must ensure they receive a written confirmation from the FIT generator that the accredited FIT installation has been fully decommissioned.*

1.1.

To replace paragraphs 8.12 – 8.13 and 8.15 with:

8.12. *If the licensee is notified of the repair or replacement of parts of an accredited FIT installation, they must first check whether it has been decommissioned<sup>4</sup>.*

8.13. *The repair or replacement of isolated components of an accredited FIT installation which do not affect its generating capacity should not affect the installation's accreditation under, and ongoing participation in, the FIT scheme. In assessing changes to installations, the licensee should identify whether the changes mean that all components of the accredited FIT installation have been replaced and whether the changes affect the installation's generating capacity. If the answer to both of these assessments is in the negative, there will be no impact on the FIT accreditation of the installation.*

To remove paragraph 8.15

### **Guidance for Renewable installations**

To add chapter:

## **6. Decommissioning and repairing accredited FIT installations**

6.1. *An accredited FIT installation is any plant on site which wholly or mainly relies on an Eligible Low-carbon Energy Source when generating electricity. If those plant are removed, the installation has been decommissioned and accreditation ends.*

6.2. *Generators, through their statement of FIT terms, are required to inform their licensee if they decommission an accredited FIT accredited installation.*

6.3. *Generators may repair or replace generating equipment without affecting the accreditation, provided that the installation continues to meet the scheme rules.*

6.4. *When carrying out such works, generators should make sure that they notify Ofgem and the licensee of any modifications to the installation.*

6.5. *Provided below are some examples of repair, replacement or decommissioning scenarios, as well as the correct courses of action taken by the generator and the affect on the installation's accreditation. These examples are provided on the basis that the installation continues to meet the Scheme rules:*

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<sup>4</sup> See paragraphs 8.2 – 8.4

- *Replacement of anaerobic digester generating equipment (e.g. engines, turbines and/or alternators):*
  - *The TIC and/or generating equipment has changed, therefore the generator needs to notify Ofgem and their licensee*
  - *Accreditation continues*
- *Temporary removal of PV panels due to construction works:*
  - *The TIC and generating equipment remains the same, therefore the generator does not need to notify Ofgem or their licensee*
  - *Accreditation continues*
- *Addition, removal or replacement of PV panels:*
  - *The TIC and/or generating equipment has changed, therefore the generator needs to notify Ofgem and their licensee.*
  - *Accreditation continues*
- *Replacement of hydro generating equipment (e.g. turbines) or software to increase or decrease installed capacity:*
  - *The TIC and/or generating equipment has changed, therefore the generator needs to notify Ofgem and their licensee*
  - *Accreditation continues*
- *Decommissioning of generating equipment and all other plant on site indirectly related to the generation of renewable electricity:*
  - *The accredited installation ceases to exist, therefore the generator needs to notify Ofgem and their licensee*
  - *Accreditation ends*
- *Fire damage destroys all generating equipment and plant on site indirectly related to the generation fo renewable electricity:*
  - *The accredited installation ceases to exist, therefore the generator needs to notify Ofgem and their licensee*
  - *Accreditation ends*