



Making a positive difference
for energy consumers

Feed-in Tariffs (FIT) scheme
generators and other interested
parties

Email: REDevelopment@ofgem.gov.uk

Date: 13 December 2021

Dear Stakeholder,

Feed-in Tariffs (FIT) scheme:

Decision on replacement generating equipment

We are writing to inform you that we have considered stakeholder responses to the changes we proposed on the treatment of replacement generating equipment at an accredited FIT installation.

This document sets out our decisions. A summary of responses to the consultation can be found in Appendix 1. The updates we have made to our published FIT guidance documents reflect these changes and are detailed in Appendices 2 and 3.

Background

In recent years, we have seen an increasing number of queries from generators and industry stakeholders seeking clarity on how certain changes, repairs or replacement of generating equipment may affect an installation's accreditation to the FIT scheme.¹

On 7 July 2021 Ofgem published a consultation on our treatment of the replacement of generating equipment on the FIT scheme.²

¹ Generating equipment was defined in our [Feed in Tariff "Generating equipment" decision | Ofgem](#).

² [Consultation on FIT replacement generating equipment | Ofgem](#)

Summary of changes

We have made decisions and reaffirmed positions in several key areas of the scheme that are directly or indirectly related to the replacement of generating equipment. These are listed in the 'Decisions' section, below.

We've made changes to chapter 8 of the Guidance for Licensed Electricity Suppliers (Appendix 2). We've merged the relevant content from chapter 3 of the Guide for Renewable installations and created a new chapter (chapter 6) to cover 'Modifications to accredited installations' (Appendix 3).

Decisions

Replacement generating equipment

Our key decision is to implement our proposed approach to replacement of generating equipment on the FIT scheme: to interpret the "eligible installation" to include more plant on site than only the generating equipment. The act of replacing generating equipment does not, in itself, result in decommissioning and therefore, in the withdrawal of accreditation. Any such modification would not be taken into consideration unless there is a breach in scheme rules.

This will allow generators to replace and temporarily remove generating equipment and retain an installation's accreditation, subject to the conditions in the other decision areas set out below.

Defining the exact scope of eligible installation for each technology type would be administratively restrictive given that installations are - and will become increasingly - technically complex and diverse.

Decommissioning

In those cases where an accredited FIT installation is decommissioned, we continue to expect generators to identify the point of decommissioning, and to notify us and their FIT licensee of the modification when it occurs. Once the FIT licensee is satisfied that an installation has decommissioned, the installation's accreditation would then be withdrawn.

There may be limited instances where we determine that an installation has decommissioned without the generator notifying their FIT licensee, for example following an audit. In doing so, we would make considerations such as:

- the presence of any plant up to the point of grid connection
- the length of time in which there has been no Small-scale Low Carbon Generation on a site, and evidence to show whether the generator intends to resume such generation
- evidence of decommissioning

Capacity changes

Modifications to an accredited installation's total installed capacity (TIC) - extensions and reductions - may occur so long as the TIC of the accredited installation and any extensions does not exceed 5MW (or 2kW for micro-CHP).

From 15 January 2016, any extensions to an accredited installation's TIC are not eligible to receive FIT payments. The generator must notify Ofgem and their FIT licensee if they do so and, if generation and export meters are shared, payments will be prorated accordingly.

Scheme rules

To provide clarity on the relevant requirements when generating equipment is replaced, especially with regards to changes in total installed capacity (TIC), we have updated our guidance documents to include a list of scheme rules applicable to accredited installations. See our changes to guidance documents in Appendices 2 and 3. As part of these updates, we list some of the main scheme rules that apply when generating equipment is replaced.

We have sought to provide clarity on common scenarios identified, however, it's important to note that we are unable to provide an exhaustive list or cover every anticipated scenario. A modification may interact with the legislation in an unforeseen way that does not fall under one of the currently identified scheme rules. If a FIT generator is unsure whether a change will affect their compliance with legislation, they should seek their own technical and legal advice.

Modifications

Modification is not a defined term in the statutory framework and can include any change to the accredited installation. The FIT generator is obliged to notify the FIT licensee of any modifications as they are defined in their Statement of FIT Terms (which will always include changes in TIC).

Since modifications can affect an accredited installation's compliance with the scheme rules, generators must notify us and their FIT licensee when they occur. By introducing a

list of scheme rules, we expect generators to know when it is appropriate to make a notification.

Updates to the guidance have been made to further explain modifications. See our guidance changes in Appendix 2 and 3.

Pre-approval

Several respondents requested a pre-approval process whereby generators could receive assurance from Ofgem that planned modifications to an accredited installation would not affect its compliance to the scheme.

Ofgem administers the FIT scheme in accordance with the Feed-in Tariffs Order 2012, as amended ('the Order')³ and the Standard conditions of electricity supply licence ('The Supply licence conditions')⁴. We reach decisions on a case-by-case basis and are careful not to adopt positions or make statements that would fetter our discretion. As such we are unable to provide advice or comfort in respect of future changes to an accredited installation.

However, from the nature of responses it's clear the reasons behind requests for pre-approval stem from a desire for more clarity on various rules around the replacement of generating equipment and how it is administered. Since pre-approval of any changes is not possible, we have focused on providing that clarity.

Next Steps

These changes will take effect immediately from the date of publication of this decision.

Yours faithfully,

FIT Policy Team

³ <https://www.legislation.gov.uk/ukxi/2012/2782/contents/made>

⁴ <https://www.ofgem.gov.uk/industry-licensing/licences-and-licence-conditions>

Appendix 1 - Summary of responses

In total we received 26 formal responses to the consultation. We have summarised the responses to them according to each question.

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

Respondents widely agreed to our proposed approach to extend the interpretation of 'Eligible Installation' beyond the 'generating equipment' on site. However, calls were made to provide further clarity and security to FIT generators:

- A pre-approval process was requested, whereby FIT generators could submit the details of planned replacement works to Ofgem to understand what effect they would have on an installation's accreditation status. Decisions are made retroactively, which does not provide stakeholders with certainty that changes will not result in the withdrawal of accreditation. This concerns stakeholders given the lack of clarity they feel that remains around scheme rules.
- In our consultation, we proposed that replacing generating equipment would not result in the withdrawal of accreditation unless there was a breach in scheme rules. We provided some examples, but they were not exhaustive. Respondents expressed a desire for a list of what those scheme rules are in our published guidance, and how they may be breached when replacing generating equipment – especially with regards to changes in total installed capacity.
- Similarly, respondents requested greater clarity on what constitutes a 'modification', how they are assessed and under what circumstances Ofgem and/or the Licensee need to be notified. Changes to accredited FIT installations are ongoing and vary in significance and type.
- It was noted that, even though we proposed that we extend our interpretation of eligible installation, we have not clearly defined its exact scope for each Eligible low-carbon Energy Source. Requests were made to define what parts are the 'eligible installation' but not the 'generating equipment'.
- Withdrawal of accreditation where an installation is destroyed by an "act of God" (such as a fire) was opposed. Some respondents pointed to the losses already incurred in such scenarios and the likelihood that a replacement would not be viable without continued FIT support.

Question two: 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?

Additional considerations were raised by respondents to be considered alongside those listed in the consultation:

- Many accredited FIT installations represent significant capital and operational investment, with a return on those investments dependent on FIT payments for the full eligibility period. Alternative income streams may be insufficient to maintain an installation. Without a clear understanding of how changes to an installation affect its accreditation status, maintenance, upgrades, and even future investment in renewable generation are disincentives.
- With the government's ambitious net zero strategy, any discretionary approach should be weighted in favour of keeping installations on the scheme.
- As technology advances, and the supply-chain evolves, it is becoming increasingly difficult to procure like-for-like replacements. Generators should not be penalised for installing generating equipment that is more efficient or of a different capacity, which will allow accredited installations to run economically both during the eligibility period and beyond. At the same time, it's recognised that payments should be limited to reflect the total installed capacity of the accredited installation.
- It remains unclear to respondents how a change in total installed capacity (either as an 'extension' or a 'reduction' in TIC) affects accreditation status (the proposed guidance changes contradict the consultation proposals which identify a breach of scheme rules as including where an accredited installation is 'modified such that the capacity of the installation changes').
- Replacements can often be preferable to repairs, due to the reduction in downtime and likelihood of future repairs. Corrective replacements are preferable to preventative ones, for similar reasons.
- The position on the replacement of generating equipment with refurbished parts is not explicit. A recommendation was made to permit the use of refurbished parts on the grounds that it will increase availability of suitable generating equipment for older installations following upgrades to others, as well as support sustainable use of hardware.

- An expanded interpretation of eligible installation should not be used retrospectively when auditing commissioning evidence, which was provided under the previous, narrower interpretation.
- Related to the above point, rules surrounding the replacement of generating equipment (and what commissioning evidence is required) have changed since accreditation in some cases. For example, a new inverter needs to be G99, rather than G59, compliant.

Question three: Do you agree with the proposed guidance changes detailed in appendix 2?

The level of agreement between respondents was mixed, with disagreement stemming from the responses provided to Question one. Most disagreement came from a lack of clarity in the guidance on:

- what and how 'scheme rules' would be affected by a change to generating equipment
- what constitutes a 'modification' and when should Ofgem and the FIT licensee be notified
- the extent of an 'eligible installation' and the difference between changes to 'isolated' components and 'all' components
- If and how a change in TIC affects accreditation status

A FIT licensee noted that they are sometimes unable to receive written confirmation from a generator that an accredited installation has been decommissioned, as is required under 8.3 of the proposed Guidance for Licensed Electricity Suppliers.

There was broad disagreement on paragraph 8.13 of the same guidance document, on the grounds that the paragraph does not state what happens if answers to either assessment is not in the negative.

Whilst specific case examples were welcomed in paragraph 6.6 of the proposed Guidance for Renewable Installations, calls were made for it to be inclusive of all technology types. There was general disagreement to the last example, reflecting the opposition to the withdrawal of accreditation where the installation is destroyed by an act of God.

Appendix 2 – Changes to Guidance for Licensed Electricity Suppliers⁵

Feed-in Tariffs: Guidance for Licensed Electricity Suppliers

Substitute 8.1 to 8.17 with:

Modifications to accredited installations

- 8.1. *For general information on making amendments to the Central FIT Register (CFR), please refer to the CFR user guide. If you require a copy, please contact the CFR team at fitregister@ofgem.gov.uk.*
- 8.2. *We recommend that you request written confirmation of any modification to an accredited installation.*

Decommissioning

- 8.3. *If a FIT generator notifies you that they have decommissioned the accredited installation, you must update the CFR to reflect this.*

Extensions and reductions

- 8.4. *An extension or reduction is a modification to an accredited installation to increase or decrease its TIC from the same type of eligible technology (eg solar PV or wind).*
- 8.5. *It is the FIT generator's obligation under the statement of FIT terms to notify you if they extend or reduce the TIC of the accredited installation (by adding, removing or replacing generating equipment). Once they do so, you must update the CFR to reflect this.*
- 8.6. *Modifications to TIC do not affect the tariff rate of the accredited installation.*
- 8.7. *If an extension does not have a separate generation or export meter, readings must be prorated according to TIC to ensure the generator is paid correctly. For example, if a 40kW installation has been extended by 10kW:*

⁵ [Feed-in Tariffs: Guidance for licensed electricity suppliers | Ofgem](#)

- *and the extension is accredited, the generator is entitled to payment for 80% of the electricity they generate and export at the tariff rate(s) of the original installation and 20% at the tariff rate(s) of the extension*
- *and the extension is **not** accredited, the generator is only entitled to payment for 80% of the electricity they generate and export*

8.8. An accredited installation and any extensions must not exceed 5MW in combined TIC (or 2kW for micro-CHP). If they do, they are no longer eligible for the scheme and you must notify Ofgem who will remove the installation from the CFR.

Generating equipment

8.9. The replacement of generating equipment does not, in itself, affect the compliance of the accredited installation, however it may affect its TIC.

8.10. Generators may temporarily remove an accredited installation from site without affecting its compliance (for example, during roof repairs).

Other modifications

8.11. The generator should notify you if a generation or export meter has been replaced, removed or begins measuring electricity that is not generated by the accredited installation.

8.12. If the installation was accredited under MCS-FIT, the generator should also notify you of any other modifications to the accredited installation.

Appendix 3 – Changes to Guidance for Renewable Installations⁶

Feed in tariffs: Guidance for Renewable Installations

To remove 3.86 – 3.97

To add chapter:

6. Modifications to accredited installations

Decommissioning

- 6.1. *An accredited FIT installation is any plant on site which wholly or mainly relies on an Eligible Low-carbon Energy Source (eg solar PV or wind) when generating electricity.*
- 6.2. *If all of those plant are removed up to the point of grid connection, the accredited installation has been decommissioned and accreditation ends. If you are only replacing or repairing generating equipment, see the 'Generating equipment' section, below.*
- 6.3. *You must inform your FIT licensee if you decommission an accredited installation. If your installation was accredited under ROO-FIT, you must also inform Ofgem. For information on the difference between the two, see paragraph 2.4.*

Extensions and reductions

- 6.4. *An extension or reduction is a modification to an accredited installation to increase or decrease its total installed capacity (TIC) from the same type of eligible technology (eg solar PV or wind).*
- 6.5. *This may happen by:*
 - *adding or removing generating equipment*
 - *replacing generating equipment with a larger or smaller TIC*

⁶ [Feed-in Tariffs: Guidance for renewable installations | Ofgem](#)

6.6. You must notify your FIT licensee if you extend or reduce the TIC of the accredited installation. If it was accredited under ROO-FIT, you must also inform Ofgem. For information on the difference between the two, see paragraph 2.4.

6.7. If an extension does not have a separate generation or export meter, readings must be prorated according to TIC, to ensure you are paid correctly. For example, if a 40kW installation has been extended by 10kW:

- and the extension is accredited, the generator is entitled to payment for 80% of the electricity at the tariff rate(s) of the original installation and 20% at the tariff rate(s) of the extension
- and the extension is **not** accredited, the generator is only entitled to payment for 80% of the electricity they generate and export

6.8. Meter readings should be taken on the date of the extension or reduction.

Treatment of extensions

6.9. If an **accredited installation** is extended and the commissioning date of the extension **was before 15 January 2016** the extension is assessed as a separate Eligible Installation. If accredited, the extension is assigned a separate tariff code based on the aggregate TIC of both the extension and existing FIT installation. The eligibility date and the eligibility period of the extension are based on its commissioning date. The original installation's eligibility date, tariff, and eligibility period are not affected. Both installations will, however, share the same FIT ID on the Central FIT Register (CFR).

6.10. If an **eligible installation** that is **not accredited** is extended and the commissioning date of the extension was **before 15 January 2016**, the extension is assessed as a separate eligible installation. The eligibility date and the eligibility period of the extension are based on its commissioning date.

6.11. Any extension commissioned **on or after 15 January 2016** is not eligible for FIT payments. This will not affect the eligibility of the original installation unless the specified maximum capacity of 5mW is exceeded (see below).

6.12. Where capacity is added to a site using a different eligible low-carbon technology, this is not considered an extension.

Maximum capacity

6.13. An accredited installation and any extensions on site must not exceed 5MW in combined TIC (or 2kW for micro-CHP). If they do, they are no longer eligible to the scheme and you must notify Ofgem who will remove the installation from the CFR.

Generating equipment

6.14. Generating equipment for each technology type is the following:

- **Anaerobic digestion:**
 - *all equipment required to convert gas formed by the anaerobic digestion of material (which is neither sewage nor material in a landfill) into electricity*

- **Hydro:**
 - *any turbine runners, turbine blades, propellers, hydrodynamic screws (including Archimedes' screw), water wheels and/or all prime movers*
 - *all the inlet guide vanes or all the inlet guide nozzles*
 - *any generators/alternators (or any part thereof)*

- **Micro-CHP:**
 - *the prime mover (either gas engine, small gas turbine, or fuel cell)*
 - *the generator and heat recovery equipment*
 - *all the associated pipework, valves, controls etc within the unit*

- **Solar PV**
 - *the solar panels and inverters*

- **Wind installations**
 - *the turbine blades*
 - *the tower (or equivalent supporting structure excluding the foundation pad)*

- *hub, brakes, nacelle including gear-trains*
- *generator/alternator and any other contents therein*

6.15. *You may repair or replace all or some generating equipment without affecting the compliance of an accredited installation, provided that the installation continues to meet the scheme rules. These include that the:*

- *maximum capacity of 5MW (or 2kW for micro-CHP) is not exceeded*
- *generating equipment has not been used at another installation that was previously accredited under the FIT or Renewable Obligation*
- *accredited installation continues to generate electricity from the same eligible technology*
- *accredited installation is not decommissioned or relocated*

6.16. *When carrying out such works, if your installation:*

- *was accredited under ROO-FIT, you must notify Ofgem of the modifications to the accredited installation. If the TIC of the accredited installation changes, you must also notify your FIT licensee.*
- *was accredited under MCS-FIT, you should only notify your FIT licensee of the modifications to the accredited installation.*

For information on the difference between the two, see paragraph 2.4.

6.17. *A modification may interact with the legislation in an unforeseen way that does not fall under one of the currently identified scheme rules. If you are unsure whether a change will affect the accredited installation's compliance with legislation, it is recommended that you seek your own legal advice.*

Other modifications

6.18. *You must notify your FIT licensee if a generation or export meter has been replaced, removed or begins measuring electricity that is not generated by the accredited installation.*

6.19. *When:*

- *battery storage is connected to the accredited installation⁷*
- *there are any other modifications to the accredited installation.*

You must notify Ofgem if your installation was accredited under ROO-FIT, or your FIT licensee if it was accredited under MCS-FIT.

⁷ [Guidance for generators: co-location of battery storage | Ofgem](#)