

# Feed-in Tariffs (FIT) Annual Report

Scheme Year 13 (1 April 2022 – 31 March 2023)

**ofgem**

Making a positive difference  
for energy consumers



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## Foreword

Since its launch, the Feed-in Tariffs (FIT) scheme has played a key role in the transition towards cleaner and more secure supplies of home-grown energy. It was designed to promote the uptake of small-scale renewable and low-carbon electricity generation technologies, and as such, is helping the UK reduce its carbon emissions. Now it is a fundamental part of the UK's effort to reach Net Zero.

Ofgem has overseen the successful operation of the scheme since its introduction in 2010. We fulfil multiple functions as the scheme administrator, including overseeing the accreditation process. By 2022-23, the number of active accreditations on the scheme reached 870,063, the majority of these being solar photovoltaic installations. Over 6.48 GW of low carbon generating capacity has been deployed under the FIT since its start.

The FIT scheme delivers great benefits by incentivising the uptake of renewable electricity generation technologies. During 2022-23, 8.9 TWh of renewable electricity was produced under the FIT. This generation is equivalent to 3.5% of the UK supply market. A total of 73.7 TWh was generated during the lifetime of the scheme of which 19.5 TWh was exported to the grid. The lifetime generation since the start of the scheme is sufficient to power almost 25.4 million homes for a year.

Electricity suppliers perform an important role under the scheme, and they are responsible for ensuring that they meet their obligations on time and in full. We take compliance with scheme rules extremely seriously and investigate matters where we have concerns with supplier performance or generator compliance, taking action where necessary. To help achieve this, we conduct annual audit programmes to ensure that suppliers and generators comply with the FIT scheme requirements.

I am proud of the work that Ofgem has done to oversee the successful operation of the FIT scheme. Our diligence in our reporting functions is an essential element of our scheme delivery role and is of interest to government, industry, investors and the public. To ensure the scheme's benefits are realised we will continue to have strong expectations of suppliers and accredited generators and will be carefully monitoring their performance throughout the upcoming years.

**Neil Lawrence**

Director, Delivery & Schemes

## Executive Summary

Ofgem runs a range of environmental and social schemes on behalf of government and for the devolved administrations. Together, these are worth over £9 billion each year. Our schemes fall into three main categories: renewable electricity schemes, renewable heat schemes, and energy efficiency and social schemes.

We work with energy companies, consumer groups and other stakeholders, including the UK's elected representatives and other delivery partners across government, to make sure policy targets are met in an economical and consumer conscious way.

### The Feed-in Tariffs scheme

The Feed-in Tariffs (FIT) is a government scheme designed to promote the uptake of small-scale renewable and low-carbon electricity generation technologies. It forms a key part of the range of energy market reforms designed to accelerate the transition towards cleaner and more secure supplies of home-grown energy. Encouraging the use of renewable generation technologies helps the UK reduce its carbon emissions, contributes towards reaching Net Zero and delivers further benefits, such as a reduction in Britain's reliance on expensive gas imports.

Under the scheme, accredited installations that meet their ongoing obligations can receive payments for both the amount of renewable electricity they generate and the renewable electricity they export into the national grid. Generators using one of the following technology types were able to apply to receive FIT payments, subject to certain eligibility requirements:

- Solar photovoltaic (PV)
- Wind
- Hydro
- Anaerobic digestion (AD)<sup>1</sup>
- Fossil fuel-derived combined heat and power (micro-CHP)<sup>2</sup>.

Installations could have a Total Installed Capacity (TIC)<sup>3</sup> up to 5MW (or 2kW for micro-CHP).

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<sup>1</sup> Natural process in which micro-organisms break down organic matter (e.g. animal manure or waste food) within a contained environment. This produces biogas which can then be used as fuel to generate electricity.

<sup>2</sup> Micro-Combined Heat and Power (CHP) is a technology that generates heat and electricity simultaneously, from the same energy source (normally natural gas).

<sup>3</sup> The maximum capacity an installation can be operated at over a sustained period without damaging it (assuming the source of power used by it to generate electricity was available to it without interruption).

Although the scheme closed to new applications from 1 April 2019, exceptions were granted to those that applied for preliminary accreditation and received extended eligibility periods to make their applications.<sup>4</sup> All pathways for accreditation are now closed.

Ofgem has been responsible for administering the FIT scheme on behalf of the Department for Energy Security and Net Zero (DESNZ)<sup>5</sup> since the scheme's introduction in 2010. Our role includes processing applications and amendments and maintaining the Central FIT Register (CFR – the database of all accredited FIT installations managed by Ofgem). We manage the Levelisation process, ensuring that each participating licensed electricity supplier pays or receives the right amount of money, and as such, the costs of the scheme are shared fairly among suppliers. Additionally, we conduct annual audit programmes to ensure that suppliers and generators comply with the FIT scheme requirements, helping to ensure the fair and effective use of public funds.

As part of our responsibilities, we produced this report summarising activity during the thirteenth year of the FIT scheme (Scheme Year 13), covering the period 1 April 2022 to 31 March 2023. An outline of the key points from the Scheme Year 13 annual report are set out below.

### **Accreditations (page 15)**

The total number of active accreditations on the scheme in Scheme Year 13 (SY13) reached 870,063, with 245 new installations registered during the year. The majority of these are solar photovoltaic installations which form 98.92% (860,688) of all accreditations and 79.42% (5.15 GW) of installed capacity. Domestic installations continue to account for the largest proportion of scheme accreditations (95.38%) and capacity (45.57%). Regionally, the South West has the greatest number (123,307) and the highest proportion of installed capacity (17.90%). Over 6.48 GW of low-carbon generating capacity has been deployed under the scheme since its start.

Since Scheme Year 12 (SY12), some micro-CHP installations have been reaching the end of their ten-year eligibility period (as set out in the standard licence conditions)<sup>6</sup>. When installations reach the end of their eligibility period they are no longer classified as active

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<sup>4</sup> [Feed-in Tariffs \(FIT\) - Scheme Closure](https://www.ofgem.gov.uk/environmental-and-social-schemes/feed-tariffs-fit/scheme-closure): <<https://www.ofgem.gov.uk/environmental-and-social-schemes/feed-tariffs-fit/scheme-closure>>

<sup>5</sup> From February 2023 the new DESNZ (Department for Energy Security and Net Zero) are responsible for FIT policy. This responsibility was previously held by BEIS (Department for Business, Energy & Industrial Strategy), and prior to that, by DECC (Department of Energy & Climate Change).

<sup>6</sup> [Electricity Act 1989: Standard conditions of electricity supply licence](https://www.ofgem.gov.uk/sites/default/files/docs/2021/02/electricity_supply_standard_licence_conditions_02_02_2021.pdf) - see: Annex 1, page 338: <[https://www.ofgem.gov.uk/sites/default/files/docs/2021/02/electricity\\_supply\\_standard\\_licence\\_conditions\\_02\\_02\\_2021.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2021/02/electricity_supply_standard_licence_conditions_02_02_2021.pdf)>

installations<sup>7</sup> and are not included in the figures presented in this report. In total, 83 micro-CHP installations with a combined capacity of 89.1 kW became inactive during SY13 and will no longer be eligible for FIT payments.

### **Scheme costs and renewable generation (page 23)**

The impact of the FIT scheme since it started has been significant. During SY13 8.9 TWh of renewable electricity was produced, for which FIT Generators were paid just over £1.63 billion. Additionally, electricity exports reached just below 1.3 TWh, with associated export payments of around £80 million.

In SY13, the total value of the scheme increased by £157.7 million to £1.73 billion. Much of this increase is attributed to the growth in renewable generation (by over 0.96 TWh), thus the increase in generation payments under the FIT scheme. However, total export payments decreased since last year. This was in large part due to a 65.6% decrease in metered export payments<sup>8</sup> made under the scheme. We understand that due to the rise in wholesale energy costs a number of FIT Generators opted out of the export element of the scheme, switching from the standard FIT export tariff to a negotiated Power Purchase Agreement (PPA)<sup>9</sup>.

Ofgem's cost to administer the scheme in SY13 was nearly £3 million, equivalent to 0.2% of the levelisation fund<sup>10</sup>.

### **Audit and compliance (page 33)**

The onus is on FIT Licensees and Generators to ensure compliance with their obligations.<sup>11</sup>

As in previous years, we took a proactive approach to compliance on the FIT scheme. We engaged with all scheme generators and licensees to ensure that they are aware of key scheme information which was vital to the effective and robust operation of the FIT scheme.

We take non-compliance with scheme obligations very seriously. To ensure the FIT scheme delivers the expected benefits, we undertake robust audit and compliance assessments. This helps ensure that generators effectively fulfil their obligations under the scheme, thereby delivering value for money for consumers.

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<sup>7</sup> Active installations are those installations that are accredited and still in their eligibility period for payments.

<sup>8</sup> Metered export: The amount of renewable electricity exported from an eligible FIT installation, recorded by a meter capable of taking half-hourly measurements.

<sup>9</sup> Power Purchase Agreement (PPA) refers to a long-term electricity supply agreement between two parties, where the power purchaser buys energy at a pre-negotiated price.

<sup>10</sup> The levelisation fund is the total combined cost of the scheme to licensed electricity suppliers.

<sup>11</sup> 'FIT Licensees' are also referred to as 'suppliers' within this annual report.

We conduct audits of both FIT Licensees and FIT Generators. The aim of our audit programme is to ensure compliance of scheme generators with the scheme regulations and our guidance. Our generator audit programmes also detect, monitor, and deter non-compliance, misreporting and fraud on the schemes. In SY13, we audited a total of seven FIT Licensees and 50 FIT Generators. The proportion of positively rated Licensee audits slightly decreased from last year, with 14.3% receiving a 'Good' and 57.1% receiving 'Satisfactory' rating. For our Generator audits, 78.0% were given either a 'Weak' or 'Unsatisfactory' rating. A high proportion of 'Weak' and 'Unsatisfactory' ratings was expected as these Generator audits targeted known risk areas. However, the proportion of 'Weak' and 'Unsatisfactory' audits improved with 13.4% fewer compared to last year.

It is important that suppliers and generators provide information that is accurate, timely and complete. Common themes of non-compliance within supplier audits included poor methodology for calculating figures, poor record keeping, and documents containing incorrect information. Common themes for generator audits included incorrect accreditation information being declared on the accreditation application, as well as insufficient evidence relating to commissioning dates, installation capacity and payments.

We have the power to open a compliance investigation when issues are detected (for example through our audit work) that may affect an installation's FIT accreditation or FIT payments. We closed 28 investigations in SY13, three of which resulted in compliance action – for example the withdrawal of accreditation, the recouping of FIT payments and tariff adjustments. Ten suspected fraud investigations were closed in SY13. During one of these investigations sufficient evidence was found to demonstrate fraud, and we proceeded with instructing the affected FIT Licensees to recoup any payments made and withdrew the installation's accreditation. In SY13, through our administration work we have identified over £2.19 million of error and suspected fraud. Of this, we prevented £2,190,329 being paid out incorrectly and we detected a further £1,139 that was paid to generators who were not eligible to receive it.

The number of FIT Licensees continued to fall in SY13, with 18 voluntary and 18 mandatory FIT Licensees participating in the scheme. As a consequence of the wholesale energy crisis, 27 suppliers exited the market during SY12, leading to government support schemes which helped provide stability to suppliers and consumers over this period. In SY13, due to increasing market stability this number reduced and only three suppliers exited. No levelisation payments were left unpaid, therefore Mutualisation was not triggered in SY13.



**Please note:** a spreadsheet containing the data used in the production of this report is published alongside the report on our website.

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## Feedback

We welcome feedback from readers on the content of this report.

If you wish to get in touch, please contact us at [SchemesReportingFeedback@ofgem.gov.uk](mailto:SchemesReportingFeedback@ofgem.gov.uk) with your comments or suggestions.

**870,063**  
**Accreditations**

The total number of active accreditations on the scheme in Scheme Year 13 (SY13) reached 870,063. The majority of these are solar photovoltaic installations which form 98.92% (860,688) of all accreditations.

**6.48** GW  
**Capacity**

The FIT Total Installed Capacity (TIC) reached approximately 6.48 GW in SY13. The largest proportion of capacity comes from solar photovoltaic (PV) installations which accounts for 79.42% (5.15 GW) of the total.

**8.9** TWh  
**Generation**

A total of 8.9 TWh of renewable electricity was generated on the FIT scheme in SY13, which is an increase of over 0.96 TWh compared to SY12. Generation in SY13 is sufficient to power over 3 million homes for a year.

**1.3** TWh  
**Exported**

Approximately 1.3 TWh of renewable electricity was exported to the grid from FIT installations receiving export payments in SY13. This is 0.78 TWh lower than exports in SY12.

**£1.73** billion  
**FIT scheme value**

The FIT scheme value in SY13 was £1.73 billion, which included £1.63 billion in generation payments and £80.7 million in export payments. The scheme value has increased by around £157.7 million compared to SY12, with much of this growth attributed to the increase in renewable generation under the FIT scheme.

## 1. About the Scheme

### Chapter summary

This chapter introduces the context and legislative background to the Feed-in Tariffs (FIT) scheme, the operation of the scheme and its objectives. It describes the various responsibilities in connection to the FIT scheme, including Ofgem's administrative duties. This chapter also summarises the changes to the scheme affecting and/or coming into force during Scheme Year 13 (SY13).

### Introduction

- 1.1 The Feed-in Tariffs (FIT) scheme was set up to promote the uptake of small-scale renewable and low-carbon electricity generation technologies in England, Wales and Scotland. It forms a key part of the range of energy market reforms designed to accelerate the transition towards cleaner and more secure supplies of home-grown energy. It also helps the UK reduce its carbon emissions, meet its renewable energy and 2050 decarbonisation targets<sup>12</sup>, and delivers further benefits, such as a reduction in Britain's reliance on expensive gas imports.
- 1.2 Introduced on 1 April 2010 by the Department for Energy and Climate Change (DECC)<sup>13</sup>, the FIT scheme is underpinned by the Feed-in Tariffs Order 2012<sup>14</sup> as amended ('The Order') and conditions 33 and 34 of the Standard Conditions of Electricity Supply Licence<sup>15</sup> ('the Supply Licence Conditions').
- 1.3 Under the scheme, accredited installations that meet their ongoing obligations receive tariff payments for both the amount of renewable electricity they generate and the renewable electricity they export into the national grid. The scheme requires participating licensed electricity suppliers ("FIT Licensees") to make payments to owners of installations accredited to the scheme ("FIT Generators") for the electricity that their installations generate and export.

<sup>12</sup> The Climate Change Act 2008 set a decarbonisation target for the UK of at least 80% lower than the 1990 baseline by 2050. In 2019 this target was amended to 100% of the 1990 baseline (Net Zero).

<sup>13</sup> The responsibilities of DECC (Department for Energy & Climate Change) were assumed by BEIS (Department for Business, Energy & Industrial Strategy) in 2016. As of February 2023, DESNZ (Department for Energy Security and Net Zero) assumed responsibility for the FIT scheme.

<sup>14</sup> [The Feed-in tariffs Order 2012](https://www.legislation.gov.uk/ukxi/2012/2782/contents/made): <https://www.legislation.gov.uk/ukxi/2012/2782/contents/made>

<sup>15</sup> [Licensee and licence conditions](https://www.ofgem.gov.uk/industry-licensing/licences-and-licence-conditions): <https://www.ofgem.gov.uk/industry-licensing/licences-and-licence-conditions>

## The role of FIT Licensees

- 1.4 A mandatory FIT Licensee is any licensed electricity supplier with 250,000 or more domestic electricity customers on 31 December of the preceding year. Licensed electricity suppliers with less than 250,000 domestic customers may choose to become a voluntary FIT Licensee. All licensed electricity suppliers are required to notify Ofgem by 14 February each year whether they will be a mandatory, voluntary or non-FIT Licensee for the FIT year beginning on 1 April.
- 1.5 FIT Licensees are responsible for managing the MCS<sup>16</sup> application process and making FIT payments to generators/nominated recipients. FIT Licensees play a key customer-facing role as the main contacts of the FIT scheme.
- 1.6 FIT Licensees have a number of other responsibilities<sup>17</sup>, including:
- Supporting the process of MCS-certified registration, including verifying eligibility and the accuracy of information provided by applicants
  - Ensuring the data entered into the CFR is accurate and up-to-date
  - Acquiring generation and/or export meter readings in a timely manner and verifying readings at least once every two years
  - Fully cooperating with the process of levelisation, including the provision of accurate, timely and complete data/information to Ofgem
  - Identifying potential fraud risks and putting in place mitigating actions/processes within their own organisation, and investigating and reporting suspected fraud to Ofgem
  - Ensuring they have appropriate governance and controls in place to be able to meet their obligations under the FIT scheme.

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<sup>16</sup> The MCS (Microgeneration Certification Scheme) is a certification scheme for microgeneration installation companies and products. It defines and maintains consistent standards, providing confidence to consumers who wish to invest in small-scale technologies that produce electricity and heat from low carbon sources.

<sup>17</sup> [Feed-in Tariffs: Guidance for licensed electricity suppliers:](https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-licensed-electricity-suppliers)

<<https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-licensed-electricity-suppliers>>

## FIT Generators

- 1.7 FIT Generators using one the following technology types were able to apply to receive FIT payments, subject to certain eligibility requirements:
- Solar photovoltaic (PV)
  - Wind
  - Hydro
  - Anaerobic digestion<sup>18</sup> (AD)
  - Fossil fuel-derived combined heat and power (micro-CHP)<sup>19</sup>.
- 1.8 Installations could have a Total Installed Capacity (TIC)<sup>20</sup> up to 5MW (or 2kW for micro-CHP).
- 1.9 Although the scheme closed to new applications from 1 April 2019, exceptions were granted to those that applied for preliminary accreditation and received extended eligibility periods to make their applications. The last preliminary applicants have now either successfully converted to full accreditation applications or their validity periods have expired rendering them ineligible for the scheme. All pathways for accreditation are now closed.

## Ofgem's role

- 1.10 As administrators of the FIT scheme Ofgem performs a number of functions including:
- Publishing guidance
  - Processing applications, including amendments to existing accreditations, for large wind and solar PV installations, and all anaerobic digestion and hydro installations
  - Maintaining the Central FIT Register (CFR), the database of all accredited installations
  - Managing the Levelisation process
  - Ensuring suppliers and generators comply with the FIT scheme requirements
  - Ensuring that the scheme is guarded against fraud and error
  - Reporting annually on the amount of electricity generated under the scheme, associated payments made and characteristics of accredited installations.

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<sup>18</sup> Natural process in which micro-organisms break down organic matter (e.g. animal manure or waste food) within a contained environment. This produces biogas which can then be used as fuel to generate electricity.

<sup>19</sup> Micro-Combined Heat and Power (CHP) is a technology that generates heat and electricity simultaneously, from the same energy source (normally natural gas).

<sup>20</sup> The maximum capacity an installation can be operated at over a sustained period without damaging it (assuming the source of power used by it to generate electricity was available to it without interruption).

- 1.11 As part of our obligations under the scheme we are required to provide an annual report to the Secretary of State for the Department of Energy Security and Net Zero by 31 December following the end of an obligation period.<sup>21</sup> This report fulfils this obligation summarising activity during the thirteenth year of the scheme (Scheme Year 13), covering 1 April 2022 to 31 March 2023.

### Changes to the Scheme

- 1.12 The Department for Energy Security and Net Zero (DESNZ) develop scheme policy over time and we review our guidance for suppliers and generators to respond to developments affecting the scheme. We work closely with DESNZ to ensure the scheme is being delivered effectively and in accordance with policy. Policy changes affecting the FIT scheme during SY13 are listed below.

### Green Import Exemptions

- 1.13 Electricity suppliers were able to seek exemptions from the costs of the FIT scheme in respect of renewable electricity generated overseas and supplied in GB. These exemptions were known as green import exemptions and were evidenced by the presentation and recognition of EU Guarantees of Origin (GoO) certificates.
- 1.14 The Government led a consultation<sup>22</sup> in March 2022 on the removal of these scheme costs exemptions for green imported electricity. It committed to remove the availability of the green import exemptions for the FIT Scheme and amended the FIT legislation.<sup>23</sup> Consequently, SY13 was the final year for green import exemptions and that Ofgem will recognise EU GoOs. More information on this is included in the Looking forward section (Chapter 7).

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<sup>21</sup> As outlined in article 33 of the FIT Order 2012 (as amended).

<sup>22</sup> [Feed in Tariffs and Contracts for Difference: proposals relating to Guarantees of Origin:](https://www.gov.uk/government/consultations/feed-in-tariffs-and-contracts-for-difference-proposals-relating-to-guarantees-of-origin)  
<<https://www.gov.uk/government/consultations/feed-in-tariffs-and-contracts-for-difference-proposals-relating-to-guarantees-of-origin>>

<sup>23</sup> [The Feed-in Tariffs \(Amendment\) Order 2023:](https://www.legislation.gov.uk/uksi/2023/127/pdfs/uksem_20230127_en.pdf)  
<[https://www.legislation.gov.uk/uksi/2023/127/pdfs/uksem\\_20230127\\_en.pdf](https://www.legislation.gov.uk/uksi/2023/127/pdfs/uksem_20230127_en.pdf)>

## 2. Accredited Installations

### Chapter summary

This chapter provides information on the accreditations under the FIT scheme. It includes information on new registrations and the characteristics of the scheme population. For example technology type, capacity, regional distribution and installation setting.

### Number of accredited installations

- 2.1 Ofgem is responsible for processing applications and granting accreditations for non-micro wind and solar PV installations (declared net capacity (DNC) over 50kW), all anaerobic digestion and hydro installations, and for community and school applicants. FIT Licensees are responsible for managing the MCS<sup>24</sup> application process for solar PV and wind (DNC 50kW or less) and micro-CHP (capacity of 2kW or less) installations. All accreditation pathways for new applicants are now closed.
- 2.2 At the end of SY13 there were 870,063 active installations<sup>25</sup> registered on the Central FIT Register (CFR). This is an increase of 107 from the 869,956 active installations registered at the end of SY12. Overall, 98.92% of these installations are solar photovoltaic (PV), and 95.38% are domestic installations.
- 2.3 Across all technology types at the end of SY13, there was a total of 6.48 GW of installed capacity on the scheme. This is a small increase of just under 26.83 MW on last year's total of 6.46 GW.
- 2.4 **Figure 2.1** shows a breakdown of accreditations and installed capacity on the scheme by technology type. This clearly shows the dominance of solar PV installations; most of these solar PV installations are domestic roof top installations, and these tend to be in the 0-4kW capacity range. Apart from micro-CHP<sup>26</sup>, solar PV installations are on average smaller than the installations of other technology types.

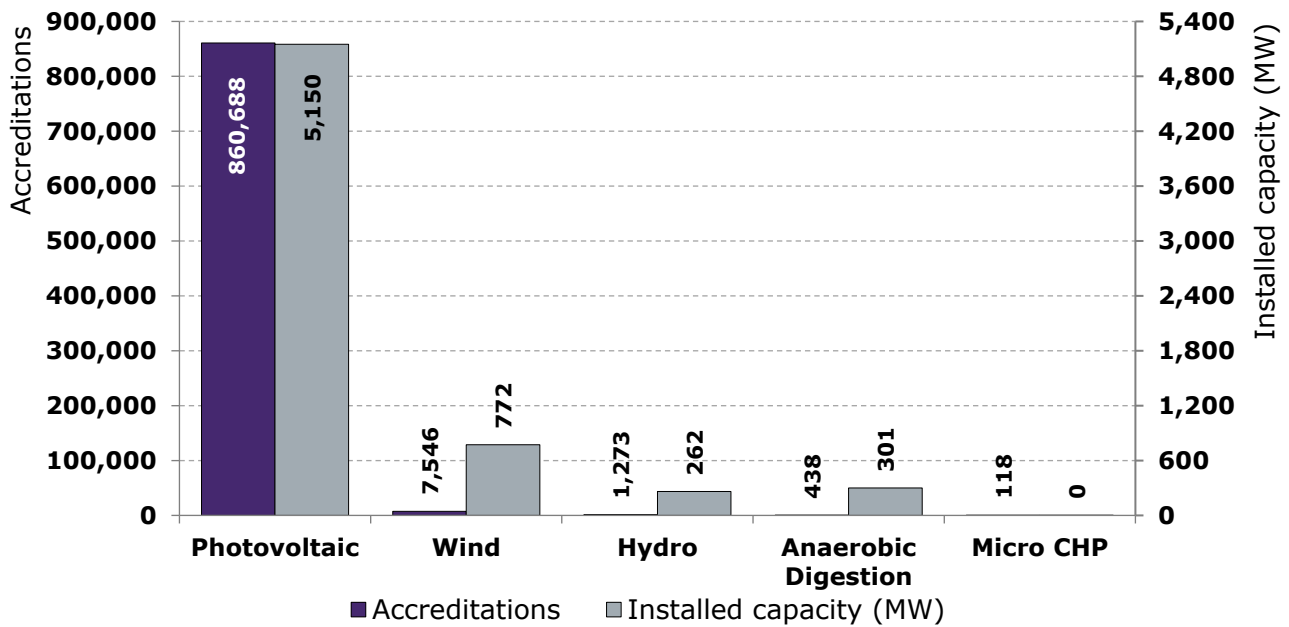
<sup>24</sup> The MCS (Microgeneration Certification Scheme) is a certification scheme for microgeneration installation companies and products. It defines and maintains consistent standards, providing confidence to consumers who wish to invest in small-scale technologies that produce electricity and heat from low carbon sources.

<sup>25</sup> Active installations are those installations that are accredited and still in their eligibility period for payments. Due to an error in the source data, some installations were previously duplicated, and as such, were counted twice in the quarterly report covering the same period as this annual report (Issue 52). This error has now been corrected by removing approx. 500 duplicated applications. The previous annual report was not affected by this error.

<sup>26</sup> Micro-Combined Heat and Power (CHP) is a technology that generates heat and electricity simultaneously, from the same energy source (normally natural gas).

**Figure 2.1: Number and capacity of FIT accreditations (Total)**

Column chart showing the number of accredited FIT installations and the installed capacity by technology type since scheme launch. Solar PV installations form the majority of accreditations (98.92%) and installed capacity (79.42%).



2.5 The figures in **Figure 2.2** highlight the significance of micro scale installations on the FIT scheme. Across all technology types they make up over 99.21% of installations. However, despite the volume of installations they make up only 53.82% of installed capacity. On the other hand, installations with a capacity greater than 50kW make up less than 1% of installations yet account for 46.18% of installed capacity.

**Figure 2.2: Proportion of deployment and installed capacity by capacity band**

Capacity band	Installed capacity (MW)	Percentage	Installations	Percentage
<b>0-50kW (microgeneration)</b>	3,490.21	53.82%	863,166	99.21%
<b>&gt;50kW</b>	2,994.31	46.18%	6,897	0.79%
<b>Total</b>	<b>6,484.52</b>	<b>100%</b>	<b>870,063</b>	<b>100%</b>

### GB regional overview

2.6 As shown in **Figure 2.3** when looking at the regional distribution of installations the South West has the greatest number (123,307) and the highest proportion of installed capacity (17.90%). The South East and East of England are the only other regions with



more than 100,000 installations and account for 11.32% and 10.49% of installed capacity respectively.

- 2.7 Scotland with 65,432 installations is only eighth regionally in terms of installations accredited, but second in terms of installed capacity (12.21%). The average capacity of installations in Scotland is higher due primarily to the significance of onshore wind in the country compared to other regions. Over 42% of all FIT onshore wind installations are in Scotland.

**Figure 2.3: Regional distribution of FIT installations**

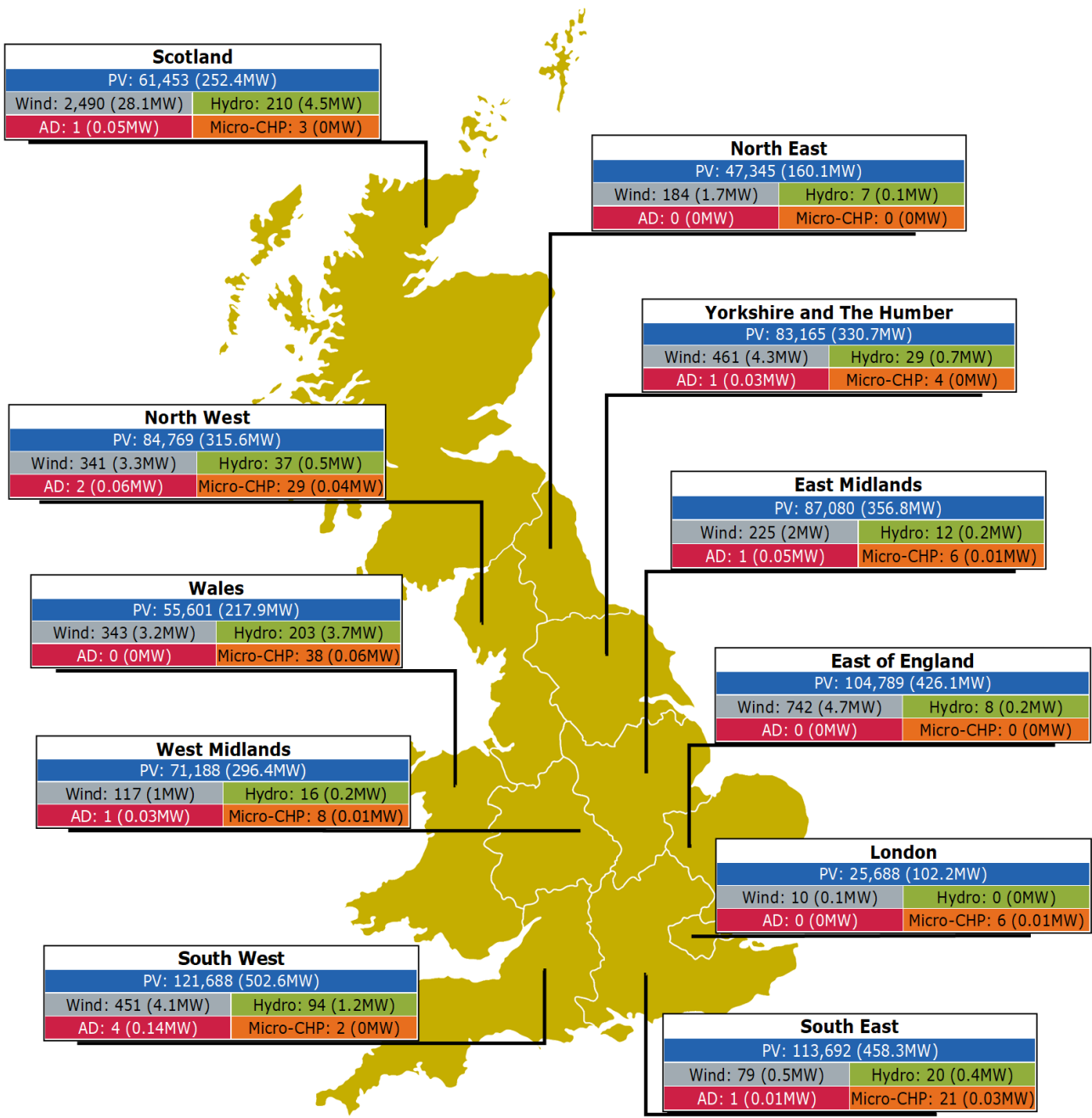
Region	Number of installations	Percentage of installations	Installed capacity (kW)	Percentage of installed capacity
South West	123,307	14.17%	1,160,672	17.90%
South East	114,331	13.14%	733,785	11.32%
East of England	106,151	12.20%	680,505	10.49%
East Midlands	87,949	10.11%	652,013	10.05%
North West	85,625	9.84%	474,132	7.31%
Yorkshire and The Humber	84,360	9.70%	523,680	8.08%
West Midlands	71,882	8.26%	485,424	7.49%
Scotland	65,432	7.52%	791,972	12.21%
Wales	56,797	6.53%	490,504	7.56%
North East	47,687	5.48%	209,090	3.22%
London	25,839	2.97%	130,274	2.01%
Unknown <sup>27</sup>	703	0.08%	152,469	2.35%
<b>Total</b>	<b>870,063</b>	<b>100%</b>	<b>6,484,520</b>	<b>100%</b>

- 2.8 **Figure 2.4** and **Figure 2.5** break down the regional distribution of installations by technology type. This helps illustrate how technologies have been utilised to take advantage of local environmental conditions. For example, there's a greater proportion of solar PV deployment in the south and there are higher levels of hydro and wind deployment in Wales and Scotland. **Figure 2.4** shows installations with an installed capacity of 50kW or less (microgeneration), and **Figure 2.5** shows those with an installed capacity greater than 50kW.

<sup>27</sup> During the registration process, applicants provide details of where an installation is located. Normally this means a postal address, however where this is not possible a grid reference can be used instead. Installations registered using a grid reference are not categorised by region and so are listed as 'Unknown' in the table.

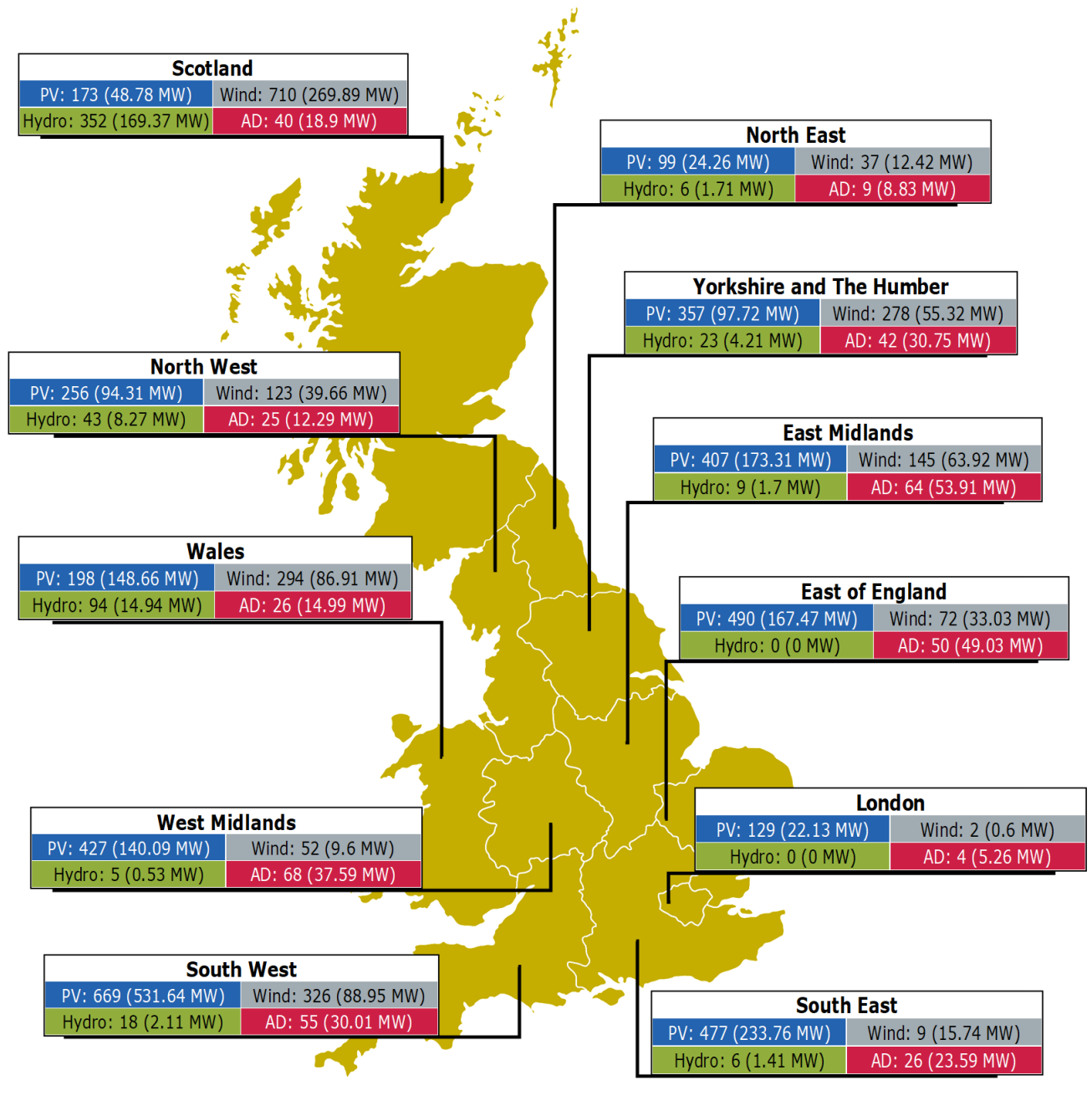
**Figure 2.4: Distribution of FIT installations (and installed capacity) by technology type (Capacity 0-50kW)**

Map of the UK showing the distribution of FIT installations with capacity from zero to 50 kilowatts and installed capacity by technology type across each region. The highest proportion of installations and total capacity was focused around the South West, South East and East of England, with the lowest around Wales, the North East and London.



**Figure 2.5: Distribution of FIT installations (and installed capacity) by technology type (Capacity >50kW)**

Map of the UK showing the distribution of FIT installations with capacity greater than 50 kilowatts and installed capacity by technology type across each region. The highest proportion of installations and total capacity was focused in Scotland and the South West, with the lowest around the North East and London.

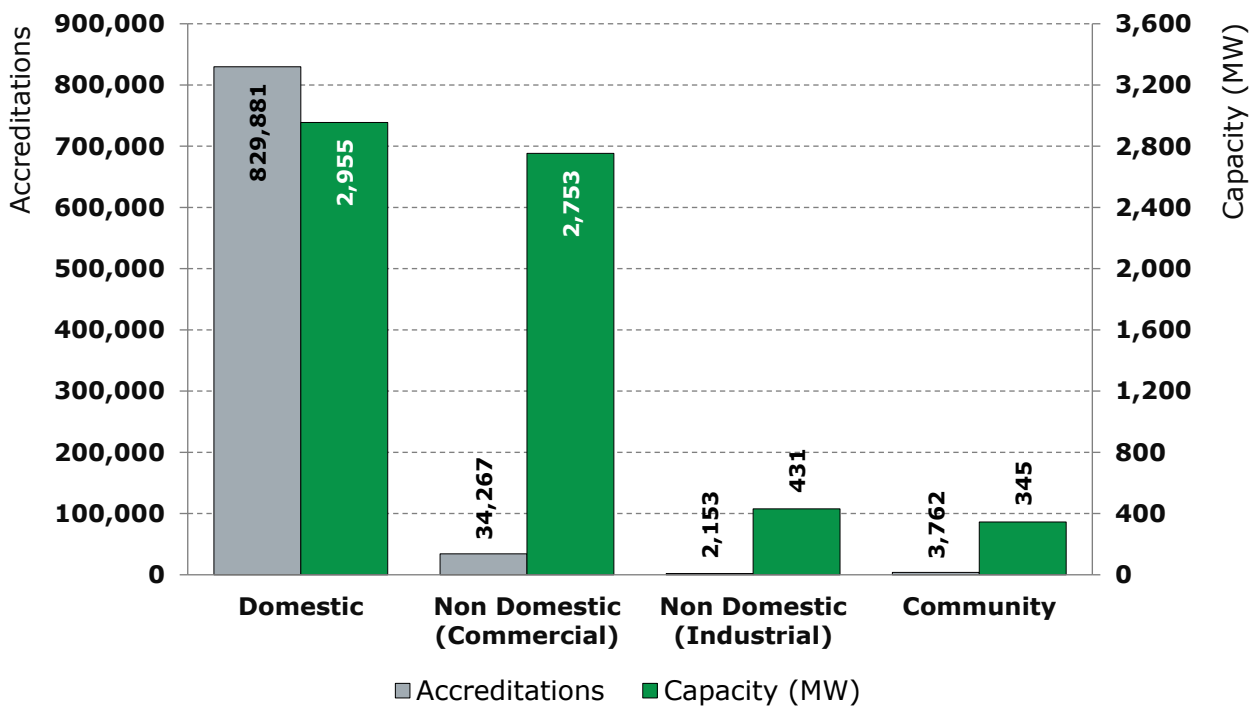


## Installation setting

2.9 Applicants are required to state the setting type where their installation is located during the application process.<sup>28</sup> As shown in **Figure 2.6**, domestic installations continue to account for the largest proportion of scheme accreditations (95.38%) and capacity (45.57%). Domestic installations are followed by Non Domestic (Commercial) installations with a slightly lower proportion of capacity (42.46%) and much lower share of accreditations (3.94%).

**Figure 2.6: Total number and capacity of FIT accreditations by installation setting**

Column chart showing the number of accreditations and capacity by installation setting. Domestic and Non Domestic (Commercial) form the majority of accreditations, however the average accredited capacity for Domestic is only 3.6 kW, compared to 200.2 kW for Non Domestic (Industrial), 91.7 kW for Community and 80.3 kW for Non Domestic (Commercial) installation settings.



<sup>28</sup> With exception of the 'Community' installation type, this choice is subjective but provides insight into the type of installations being registered under the scheme. The term 'Community' is defined in the FIT Order 2012 (as amended) Article 11.

## New registrations

- 2.10 Although the scheme closed to new applicants from 1 April 2019, full and convert-to-full (CTF) applications<sup>29</sup> received in previous FIT years were still being processed and could achieve accreditation in SY13. It is worth noting that 31 March 2019 was the deadline for MCS generators to apply to a FIT Licensee but there is no deadline for the FIT Licensees to add these installations to the CFR. As a result, we are still receiving a steady flow of new MCS registrations<sup>30</sup> being added to the CFR as the licensees work through the applications they received before the deadline. In addition, due to the availability of extended validity periods/grace periods for certain hydro applications they could still submit CTF applications and achieve accreditation during SY13.
- 2.11 A total of 245 new accreditations were added to the CFR in SY13, bringing the cumulative total to 870,063.<sup>31</sup> This is a combination of licensees working through pre-closure applications and Ofgem closing down its queue of ROO-FIT<sup>32</sup> applications. **Figure 2.7** shows the number of new accreditations, which given accreditations were limited to the exceptions described above, continues to fall following scheme closure.

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<sup>29</sup> Full applications are those made for installations that have or shortly will commission. CTF applications are made for approved preliminary applications that have or shortly will commission. For more information please refer to our [Essential guide to applying for ROO-FIT accreditation](https://www.ofgem.gov.uk/publications/essential-guide-applying-roo-fit-accreditation): <<https://www.ofgem.gov.uk/publications/essential-guide-applying-roo-fit-accreditation>>

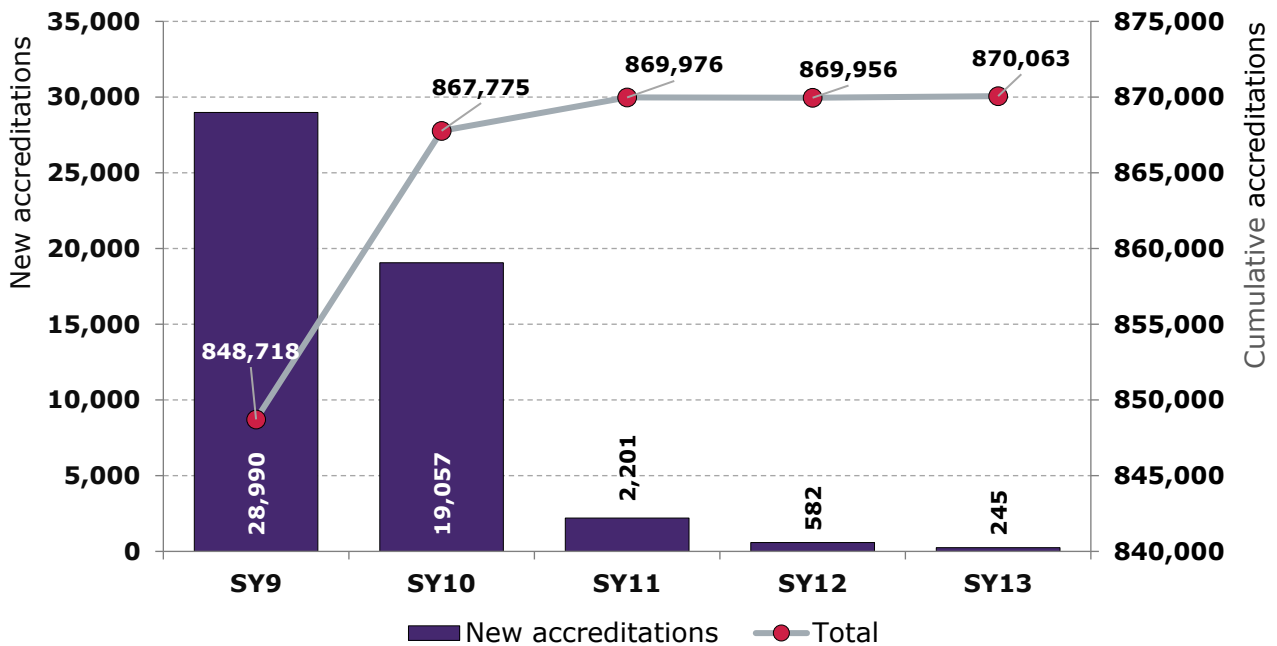
<sup>30</sup> Refers to the accreditation pathway for solar photovoltaic (PV) and wind installations with a Declared Net Capacity (DNC) of 50kW or less, and micro-CHP installations.

<sup>31</sup> The number of new registrations in SY13 (245) is different from the increase in active installations on the CFR (107) as there are other factors (such as installations reaching the end of their eligibility period) that influence the total number of active installations on the CFR.

<sup>32</sup> ROO-FIT is the accreditation pathway used on the FIT scheme for solar PV and wind installations with a capacity greater than 50kW, and for all hydro and anaerobic digestion installations.

**Figure 2.7: New Installations accredited, SY9-13**

Combined column and line chart showing the annual and cumulative total new installations accredited from SY9 to SY13. After rapid growth in previous years, total active accreditations have levelled off since SY10. They fell slightly in SY12 for the first time due to some micro-CHP installations reaching the end of support. The total increased again slightly in SY13 as less installations became ineligible than the number of new registrations added during the year.



### Installation eligibility periods

2.12 A number of micro-CHP installations reached the end of their ten-year eligibility period (as set out in the standard licence conditions)<sup>33</sup> during SY13. When installations reach the end of their eligibility period they are no longer classified as active installations and are not included in the figures reported in this chapter.

2.13 In total, 243 micro-CHP installations with a combined capacity of 242.8 kW during SY12 and 83 installations with a combined capacity of 89.1 kW during SY13 became inactive on the scheme and will no longer be eligible for FIT payments. All other eligible technology types have a comparatively longer eligibility period; from 17 to 25 years. As such, we will see these technology types start to reach the end of their eligibility periods on the FIT scheme from 2027 (SY17).

<sup>33</sup> [Electricity Act 1989: Standard conditions of electricity supply licence](https://www.ofgem.gov.uk/sites/default/files/docs/2021/02/electricity_supply_standard_licence_conditions_02_02_2021.pdf) <https://www.ofgem.gov.uk/sites/default/files/docs/2021/02/electricity\_supply\_standard\_licence\_conditions\_02\_02\_2021.pdf> see: Annex 1, page 338.

### 3. Scheme Costs and Renewable Generation

#### Chapter summary

This chapter provides a summary of the costs associated with the FIT scheme. It gives an update on the renewable electricity generated and exported under the scheme, the associated payments, and the value of the scheme.

#### SY13 costs and renewable generation overview

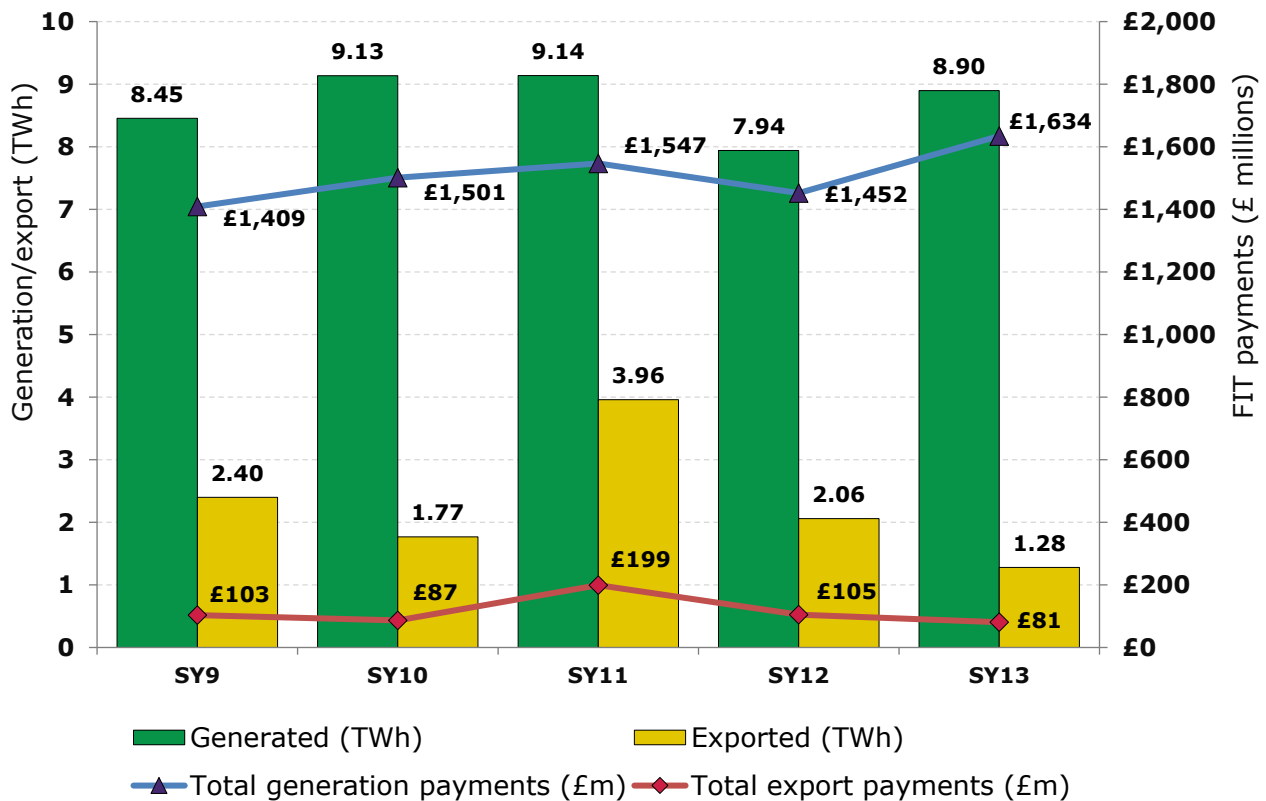
- 3.1 The FIT scheme value in SY13 was £1.73 billion.<sup>34</sup> This included £1.63 billion in generation payments and £80.7 million in export payments. The scheme value has increased by around £157.7 million compared to SY12. Much of this increase is attributed to the rise in generation payments under the FIT scheme, corresponding to a growth in renewable generation.
- 3.2 Total generation payments made increased by around £182.4 million, from around £1.45 billion in SY12 to over £1.63 billion in SY13. SY13 saw an increase of over 0.96 TWh in renewable generation compared to SY12 (from 7.94 TWh to 8.9 TWh) but did not reach the peak of 9.14 TWh in SY11.
- 3.3 The cost of the FIT scheme to licensed electricity suppliers – which is equal to the total levelisation fund – has also increased since SY12. The total levelisation fund for SY13 was around £1.45 billion, an increase of around £180 million on the previous year.
- 3.4 **Figure 3.1** shows the trends in renewable electricity generation, export and associated payments.

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<sup>34</sup> The FIT scheme value is calculated by adding FIT generation payments, FIT export payments and qualifying FIT costs. In SY13 the qualifying FIT costs, meaning the total administration costs allocated to FIT Licensees, were set as £17.5 million.

**Figure 3.1: Electricity generated, exported and associated payments, SY9-13**

Combined column and line chart showing the changes in electricity and payment figures on the scheme from SY9 to SY13. Generation gradually rose until SY11, before falling in SY12 then increasing again in SY13. However, generation in SY13 did not reach the pre-SY12 level. Export has fluctuated from SY9 to SY13, falling since SY11. The costs per TWh of generation were £3.3 million lower in SY13 (£192.75 million) than in SY11 (£196.08 million).



3.5 SY12 saw the first decrease in generation payments since the start of the scheme, but generation payments in SY13 exceeded the SY11 level. However, SY13 saw the second decrease in export payments since SY10, and the amount of electricity exported fell from around 2.06 TWh in SY12 to 1.28 TWh in SY13. In SY13, less than 3% of the total exported electricity was metered, with over 97% (or 1.24 MWh) deemed. In comparison, in SY12 this ratio was 41% for metered and 59% for deemed electricity.

3.6 We believe this fall in metered electricity is due to some metered Generators moving to rates offered outside of the FIT that present a higher return. During SY12 and SY13, due to the rise in wholesale energy costs, a number of FIT Generators opted out of the export element of the scheme, switching from the standard FIT export tariff to a negotiated Power Purchase Agreement (PPA).



## Calculating net export payments

- 3.7 The value of net export payments, as shown in **Figure 3.2**, is calculated to account for the difference between the export tariff paid by a Licensee and the value of that electricity to the Licensee.
- 3.8 The export figure is made up of metered and deemed export. Metered Export is paid according to export meter readings. Deemed Export is paid according to a percentage of generation meter readings and is only an option where the Total Installed Capacity (TIC) of the installation is 30kW or less and no export meter is installed. This percentage is set annually by government (for SY13 it was 75% for hydro and 50% for all other technologies).<sup>35</sup>
- 3.9 To determine the value of the export to Licensees, the amount of electricity exported or deemed to have been exported is multiplied by the 'System Sell Price' (SSP)<sup>36</sup>.
- 3.10 Net export payments were negative for the second time since the FIT launched. This is due to the actual value of the export being significantly higher than the price paid for the export under the FIT scheme. This has resulted in the overall cost of the scheme reducing which is beneficial to consumers who ultimately pay for the scheme.

**Figure 3.2: Net export payment calculations, SY13**

	Deemed export	Metered export	Total
Export payments to FIT Generators <b>(A)</b>	£65,177,181	£15,556,101	£80,733,281
Value to FIT Licensees <b>(B)</b>	£228,366,115	£51,166,747	£279,532,863
<b>Net export payments (A - B)</b>	<b>-£163,188,935</b>	<b>-£35,610,647</b>	<b>-£198,799,582</b>

<sup>35</sup> [Feed in Tariffs \(FITs\) determinations](https://www.gov.uk/government/publications/feed-in-tariffs-fits-determinations) <https://www.gov.uk/government/publications/feed-in-tariffs-fits-determinations>

<sup>36</sup> [System Sell Price and System Buy Price Breakdown](https://www.elexon.co.uk/knowledgebase/what-is-the-system-sell-price-and-the-system-buy-price) <https://www.elexon.co.uk/knowledgebase/what-is-the-system-sell-price-and-the-system-buy-price>

## Calculating the Levelisation Fund

- 3.11 The total levelisation fund is determined by adding up the following costs of the scheme incurred by licensed electricity suppliers – the value of generation payments made to FIT Generators, net export payments (as detailed in the previous section), and Licensees' qualifying FIT (administration) costs. The calculation is set out in **Figure 3.3**.
- 3.12 The total levelisation fund for SY13 was around £1.45 billion, an increase of around £180 million on the previous year.

**Figure 3.3: Scheme cost calculations, SY13**

Cost	Total	Description
Generation payments <b>(A)</b>	£1,634,270,417	The total value of payments made to accredited Generators for electricity generation.
Net deemed and metered export payments <b>(B)</b>	-£198,799,582	The difference between the cost of export payments made and the value of those exports to Licensees (ie how much a FIT supplier can gain by selling the electricity. N.B. A negative value indicates a financial gain for FIT Licensees).  See <b>Figure 3.2</b> for details of how this figure was calculated.
Qualifying FIT costs <b>(C)</b>	£17,482,195	The total administration costs allocated to FIT Licensees. The administration costs are determined annually by the Secretary of State. Further information in <b>Appendix A4.1</b> .
<b>The levelisation fund (D)</b> <b>(A + B + C)</b>	<b>£1,452,953,030</b>	The cost of the scheme to licensed electricity suppliers in SY13 is reached by adding up the above costs. It's then 'levelised' according to each Licensee's share of the electricity supply market of GB.
Administrative costs <b>(E)</b>	£2,950,203	Ofgem's total administration costs. For more information, see <b>Figure 3.8</b> . This cost is not included in levelisation and is paid for through general taxation.
<b>Total Scheme cost</b> <b>(D + E)</b>	<b>£1,455,903,233</b>	This is the total cost of the scheme in SY13 and is reached by adding Ofgem's administrative costs to the value of the levelisation fund.

## Levelisation

- 3.13 In a process called 'periodic levelisation', scheme costs are met every quarter by all licensed electricity suppliers based on their share of the electricity supply market of Great Britain (GB). Depending on how much a Licensee has paid FIT Generators for generation and export<sup>37</sup>, they either pay money into or receive money from the levelisation fund. After the end of each FIT year, the 'annual levelisation' process reconciles the year's periodic levelisations and ensures each FIT Licensee has paid or received the right amount of money.
- 3.14 All active licensed electricity suppliers are required to participate in the levelisation process by:
- providing us with information to enable us to administer the process
  - making levelisation payments as instructed by us.
- 3.15 Not all electricity supplied to customers within GB is counted for the purposes of determining a supplier's market share for levelisation. There are exemptions for electricity sourced from outside GB, and an exemption for a proportion of the electricity supplied to Energy Intensive Industries (EIIs)<sup>38</sup>. **Figure 3.4** shows, in terms of supply volume, how much of the electricity supply market of GB carries the costs of FIT scheme (Total Relevant Electricity Supplied).

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<sup>37</sup> Only 'FIT Licensees' are obliged to pay FIT Generators. Licensed electricity suppliers with over 250,000 customers in GB are 'mandatory FIT Licensees'. Those with fewer customers can choose to be 'voluntary FIT Licensees'. All electricity supply Licensees must contribute to levelisation.

<sup>38</sup> [Information on exemptions for EIIs:](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1094666/cfd-ro-fit--exemption-guidance-revised-july-2022.pdf)

<[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1094666/cfd-ro-fit--exemption-guidance-revised-july-2022.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1094666/cfd-ro-fit--exemption-guidance-revised-july-2022.pdf)>

**Figure 3.4: Relevant electricity supplied, SY13**

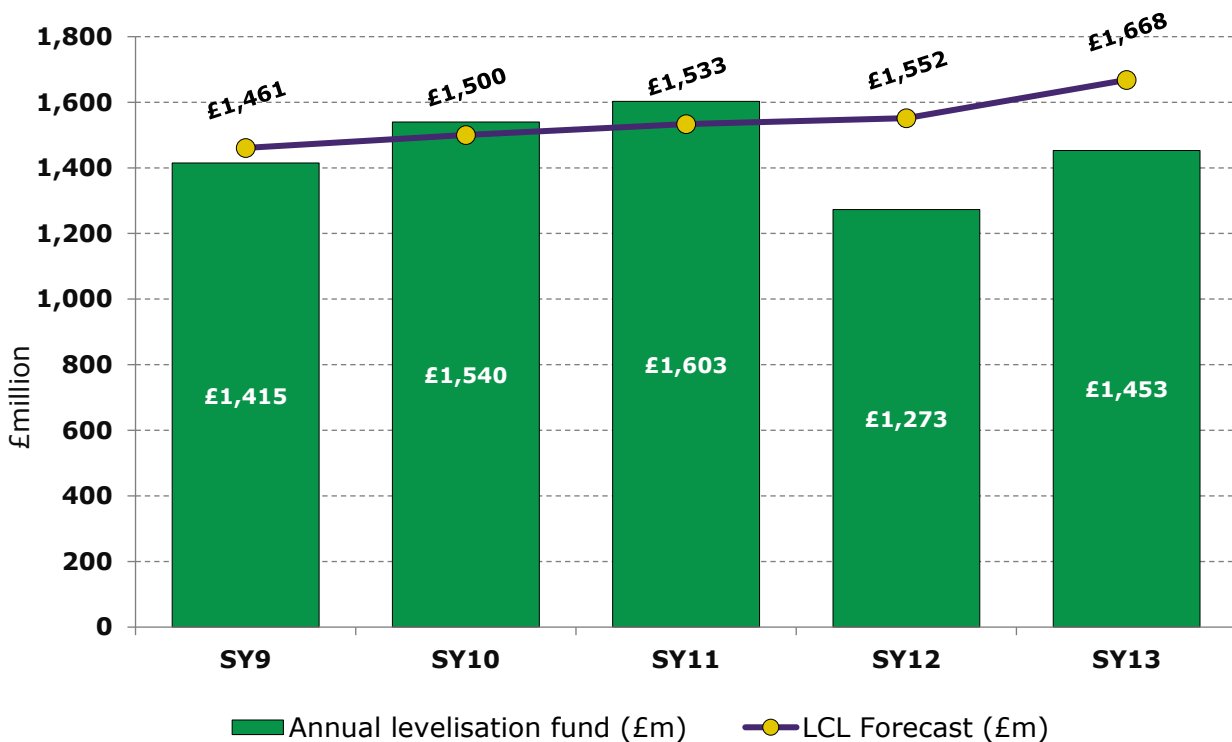
<b>Supply Volume</b>	<b>Total (MWh)</b>	<b>Description</b>
Total supply <b>(A)</b>	255,850,068	Total electricity supplied to customers within GB.
Exempt supply for Guarantees of Origin (GoOs) <b>(B)</b>	14,380,211	Total renewable electricity supplied to customers within GB from outside the UK and validated by Ofgem was 31,872,015 MWh. For SY13, this was capped at 14,380,211 MWh. As Ofgem will only exempt the amount of renewable electricity up to the cap, suppliers who submitted a value will have received a lower exemption.
Exempt supply for Energy Intensive Industries (EIIs) <b>(C)</b>	9,660,605	Total renewable electricity supplied to Energy Intensive Industries.
<b><u>Total Relevant electricity supplied</u></b> <b>A – (B + C)</b>	<b>231,809,253</b>	The total amount of electricity supplied that is liable for the costs of the FIT scheme.

Cost controls

3.16 As part of government’s commitment to keep energy costs as low as possible, the ‘Control for low carbon levies’<sup>39</sup> (the Control) monitors the costs of low carbon electricity schemes (including FIT) and provides a forecast of total FIT scheme costs. The Control sets out that there will be no new low carbon electricity levies on energy bills until the value of such costs is falling. **Figure 3.5** shows the annual levelisation fund fell below ‘the Control’ forecast for the FIT scheme in SY13 by approximately £215 million.

**Figure 3.5: Levelisation Fund vs The Control Forecast, SY9-13**

Combined column and line chart showing the annual levelisation fund against the Control forecast from SY9 to SY13. SY13 saw a significant gap between the annual levelisation fund and the Control forecast, with the levelisation fund falling below the Control forecast for the second time since SY9. In SY13, the levelisation fund was 12.9% lower than the forecast, whereas in SY12, this was almost 18%.



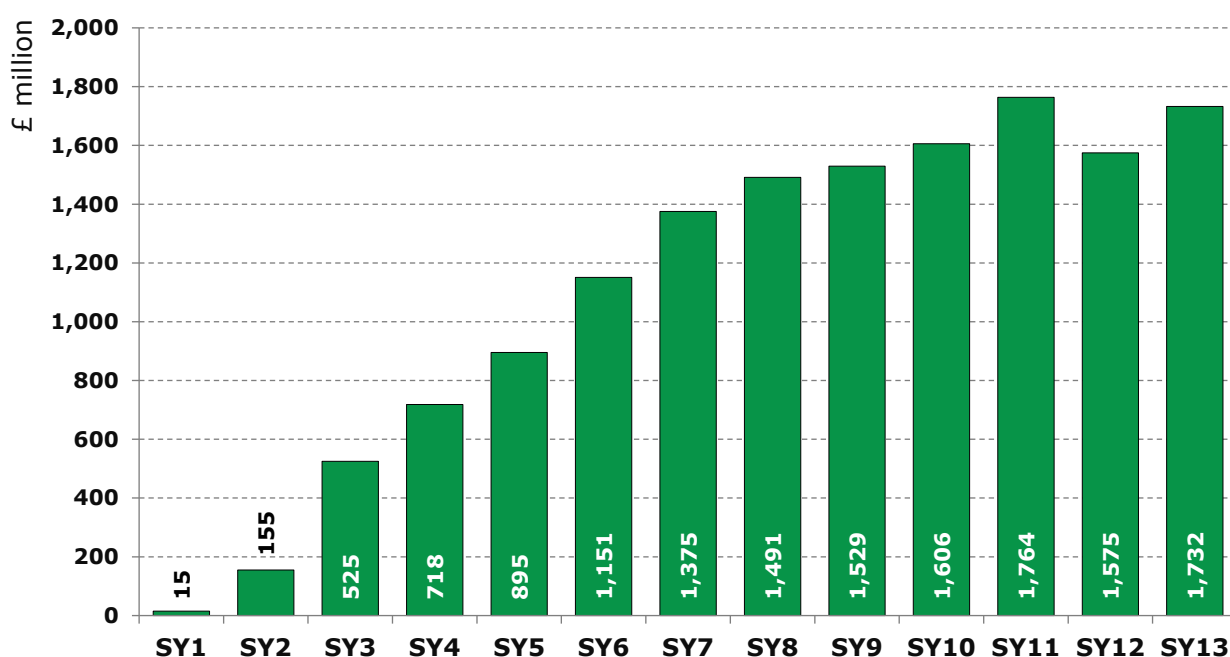
<sup>39</sup> ‘The Control’ refers to The Control Low Carbon Levies which replaced Levy Control Framework (LCF). For more information, see: [Control for Low Carbon Levies Policy Paper](https://www.gov.uk/government/publications/control-for-low-carbon-levies) <<https://www.gov.uk/government/publications/control-for-low-carbon-levies>>

### Value of the FIT scheme

- 3.17 As well as the cost of the scheme to licensed electricity suppliers (the levelisation fund) and the total scheme cost which includes Ofgem’s administration costs, we also provide details on the total value of the FIT scheme. The total value, as shown in **Figure 3.6** is calculated by adding the total value of all generation and export payments to FIT Licensees qualifying costs. A breakdown of these elements is shown in **Figure 3.7 (a-d)**.
- 3.18 In SY13 the value of the scheme was £1.732 billion, which is an increase of £157.7 million on the total from last year. Much of this increase is attributed to the growth in renewable generation, thus the increase in generation payments under the FIT scheme. As previously described, in SY13 generation was still lower than in SY11.
- 3.19 The SY13 scheme value did not reach the peak of £1.764 billion achieved in SY11. We believe this is in part due to metered Generators on standard FIT export tariffs opting out of the export portion of the FIT, for privately negotiated tariffs outside of the scheme. This may have led to a decrease in the amount of metered export payments from £45 million in SY12 to £16 million in SY13.

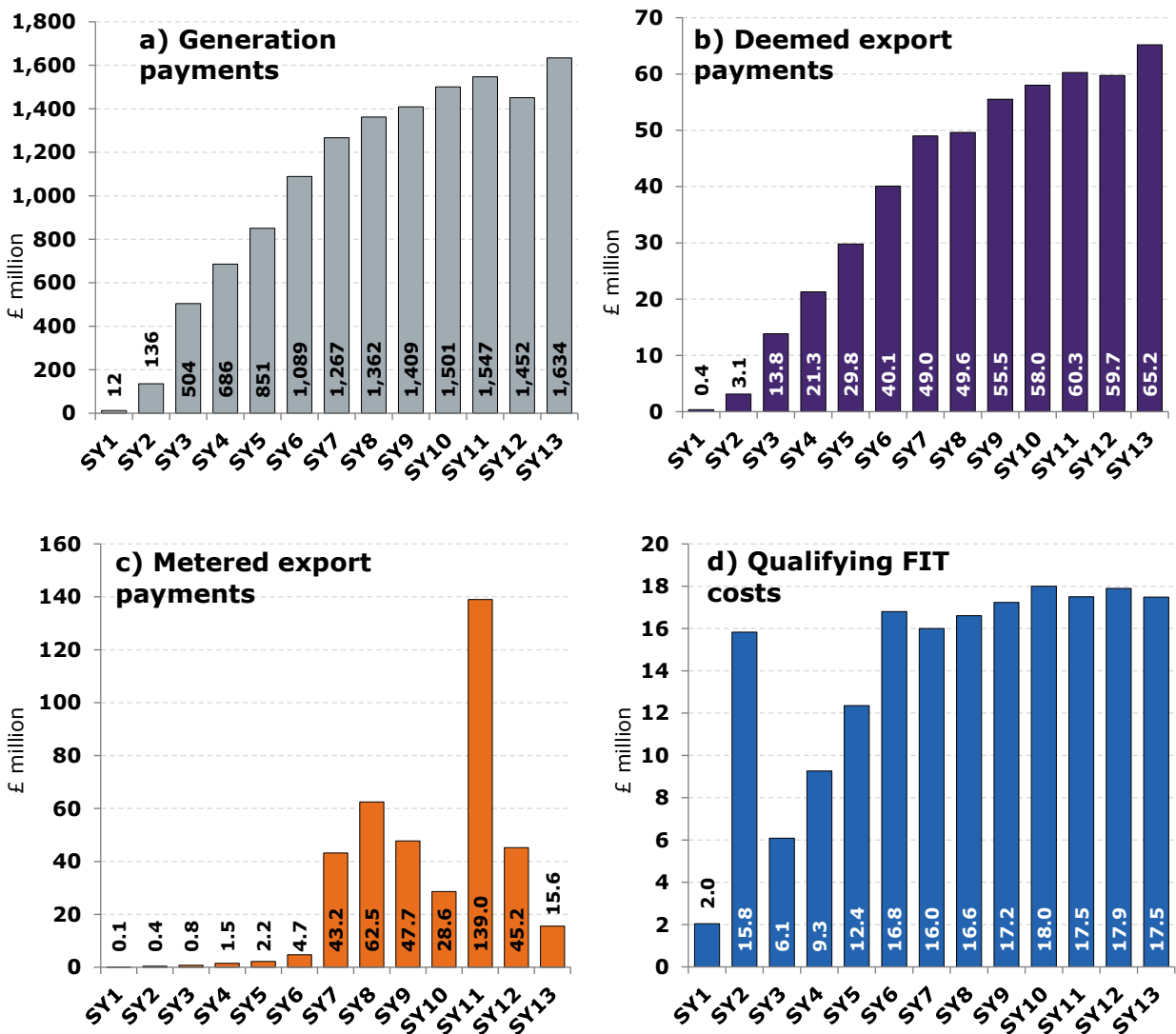
**Figure 3.6: FIT scheme value, SY1-13**

Column chart showing the total value of the FIT scheme since launch. The value rose rapidly between SY1 and SY7 before continuing to grow at a reduced rate, reaching a peak of £1,764 million in SY11. The scheme value fell in SY12 for the first time but increased again in SY13.



**Figure 3.7: (a-d) Total value of the FIT scheme - breakdown**

These four column charts detail the four elements that combined make up the value of the FIT scheme. Generation and deemed export payments mirror the profile of total value of the FIT scheme, having grown every year since scheme launch, falling for the first time in SY12, then increasing again in SY13. Metered export payments saw a significant rise in SY7, growing from £4.7 million in SY6 to £43.2 million. They have fluctuated from this point forwards reaching a peak of £139 million in SY11, before falling to £16 million in SY13. Qualifying FIT Costs have remained in the range of £16 and £18 million between SY6 and SY13.

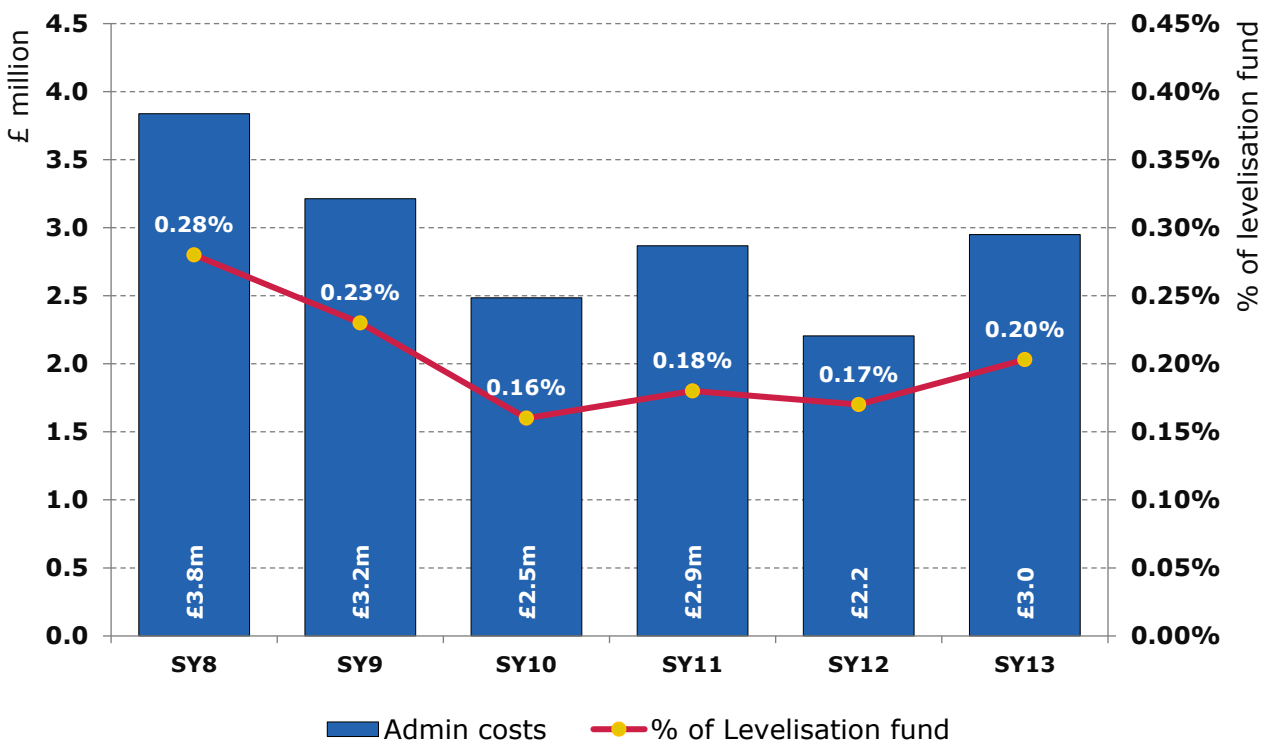


### Ofgem’s administration costs

3.20 **Figure 3.8** shows that in SY13 our administrative costs increased from SY12 by just under £745,000 to almost £3 million. Our administrative costs equate to 0.2% of the levelisation fund. These costs cover our staffing and all the activities we undertake to ensure the successful operation of the scheme. For example, our audit and compliance activity, the processing of amendments and remaining applications, as well as the maintenance and development of the CFR and Renewable Electricity Register (RER)<sup>40</sup>.

**Figure 3.8: Administrative costs, SY8-13**

Combined column and line graph showing our administrative costs for the FIT and the equivalent proportion of the levelisation fund from SY8 to SY13. Our costs steadily fell from the equivalent of 0.28% of the levelisation fund in SY8 to 0.16% in SY10. Smaller variations have occurred since SY10, with a small rise in SY13 to 0.2%.



<sup>40</sup> Ofgem is currently working on developing the RER to replace the ‘Renewables and CHP Register’, which will be used to process any remaining ROO-FIT applications and amendments to these applications.



## 4. Compliance of Licensed Electricity Suppliers

### Chapter summary

This chapter covers compliance and audit activity in respect of the licensed electricity suppliers under the FIT scheme during Scheme Year 13 (SY13). It provides a summary of non-compliance during SY13, and gives an update on annual notifications, levelisation compliance, biennial meter read verifications and licensee audits. This chapter also gives an overview of the enforcement actions taken by Ofgem against non-compliant suppliers.

### SY13 non-compliance summary

- 4.1 As part of our role administering the FIT scheme, we work to ensure that electricity suppliers comply with their FIT scheme obligations. Where suppliers fail to meet their obligations, we take appropriate action to address it and publish this information in the Supplier Performance Report (SPR).<sup>41</sup> We monitor compliance across a number of key areas which are summarised here and covered in more detail below.
- 4.2 During SY13, we continued to see instances of non-compliance related to periodic and annual levelisation. In total, 41 instances were recorded on the SPR related to late submission of data, misreporting of data, as well as late and incorrect payments being made.
- 4.3 We have also seen the number of suppliers in the market, and hence participating in the FIT scheme, decrease during SY13. The number of suppliers exiting the market was lower than in previous years, due to increasing market stability. No levelisation payments were left unpaid, therefore Mutualisation was not triggered in SY13.<sup>42</sup>
- 4.4 Licensees are required to take all reasonable steps to ensure the accuracy of FIT payments by verifying FIT meter readings at least once every two years. Although the total number of Licensees continued to fall, the number of Licensees managing to verify at least 80% or 90% of meters within two years increased significantly in comparison to previous years. We open compliance cases with poorly performing Licensees, targeting the poorest performing Licensees first, obtaining their improvement plans and maintaining regular contact for updates on their scores. This has yielded some success with 16 Licensees out of 26, at the time of writing, having scores above 90%.

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<sup>41</sup> [Information on the SPR](https://www.ofgem.gov.uk/supplier-performance-report-spr): <<https://www.ofgem.gov.uk/supplier-performance-report-spr>>

<sup>42</sup> The mutualisation threshold for SY13 was approximately £4.8 million.

4.5 We carry out FIT Licensee audits to ensure information submitted to us by suppliers is accurate and that their processes are sufficiently robust. The proportion of 'Good' (14.3%) audit ratings for Licensees decreased in SY13 whilst the proportion of 'Satisfactory' (57.1%) and 'Weak' (28.6%) ratings increased. However, in SY13 no Licensees received an 'Unsatisfactory' audit rating. The decrease in the number of 'Good' rated licensees this year may be partly due to the small number of FIT Licensees audited. Sometimes we decide to re-audit licensees where we expect previous findings to have been resolved.

### FIT Licensees and annual notifications

4.6 All licensed electricity suppliers are required to notify Ofgem by 14 February each year whether they will be a mandatory, voluntary or non-FIT Licensee for the FIT year beginning on 1 April. A mandatory FIT Licensee is any licensed electricity supplier that together with their affiliates have 250,000 or more domestic electricity customers on 31 December of the preceding year. Licensed electricity suppliers with less than 250,000 domestic customers may choose to become a voluntary FIT Licensee.

4.7 In SY13, 56 electricity suppliers informed Ofgem of their FIT Licensee status by the deadline. However, 14 electricity suppliers informed Ofgem after the deadline of 14 February 2022, with a further 23 suppliers not informing us of their status. From the suppliers that did not provide their Licensee status, most had entered the Supplier of Last Resort (SoLR)<sup>43</sup> process, or we followed up to obtain the information.

**Figure 4.1: Number of FIT Licensees, SY8-13**

Licensee Type	SY8	SY9	SY10	SY11	SY12	SY13
<b>Voluntary</b>	39 (32)	43 (34)	25 (25)	24 (21)	20 (16)	18 (15)
<b>Mandatory</b>	24 (13)	27 (19)	22 (19)	23 (20)	21 (18)	18 (12)
<b>Total</b>	<b>63 (45)</b>	<b>70 (53)</b>	<b>47 (44)</b>	<b>47 (41)</b>	<b>41 (34)</b>	<b>36 (27)</b>

Please note: The bracketed figures represent the number of supplier groups participating in the scheme. This number is usually lower as some supplier groups hold multiple licenses (each licence is a FIT Licensee).

4.8 As seen in **Figure 4.1** the number of suppliers in the market – and in turn suppliers participating in the FIT scheme – has continued to fall over the last few scheme years. In SY13 there were 27 supplier groups under 36 Licensees participating in the scheme.

<sup>43</sup> When an energy supplier fails, Ofgem may appoint a Supplier of Last Resort (SoLR) for their customers.

[How you're protected when energy firms collapse](https://www.ofgem.gov.uk/news-and-views/blog/how-youre-protected-when-energy-firms-collapse): <<https://www.ofgem.gov.uk/news-and-views/blog/how-youre-protected-when-energy-firms-collapse>>

## Levelisation compliance

4.9 **Figures 4.2** and **4.3** show the numbers of Licensees that provided either late or incorrect data submissions as part of the levelisation process during SY13. All instances of non-compliance are recorded on the Supplier Performance Report. Late submissions decreased from 56 incidents in SY12 to 16 in SY13, and incorrect submissions increased from 76 incidents to 120 in SY13. The list of suppliers can be found in Appendices A3.1 and A3.2.

4.10 The high number of incorrect levelisation submissions is due to a change in our methodology and reporting approach which highlights any amendments made that should have been identified by the Supplier.

**Figure 4.2: Number of late levelisation submissions, SY13**

	Q1	Q2	Q3	Q4	Annual
<b>Voluntary FIT Licensees</b>	0	1	0	0	0
<b>Mandatory FIT Licensees</b>	1	0	1	0	1
<b>Non-FIT Licensees</b>	2	4	2	1	3
<b>Totals</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>4</b>

**Figure 4.3: Number of incorrect levelisation submissions, SY13**

	Q1	Q2	Q3	Q4	Annual
<b>Voluntary FIT Licensees</b>	1	7	5	5	16
<b>Mandatory FIT Licensees</b>	4	5	4	3	5
<b>Non-FIT Licensees</b>	28	14	6	10	7
<b>Totals</b>	<b>33</b>	<b>26</b>	<b>15</b>	<b>18</b>	<b>28</b>

4.11 No levelisation payments were left unpaid and mutualisation<sup>44</sup> was not triggered in SY13.

<sup>44</sup> [Details on mutualisation can be found in our Guidance for licensed electricity suppliers:](https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-licensed-electricity-suppliers)  
<<https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-licensed-electricity-suppliers>>

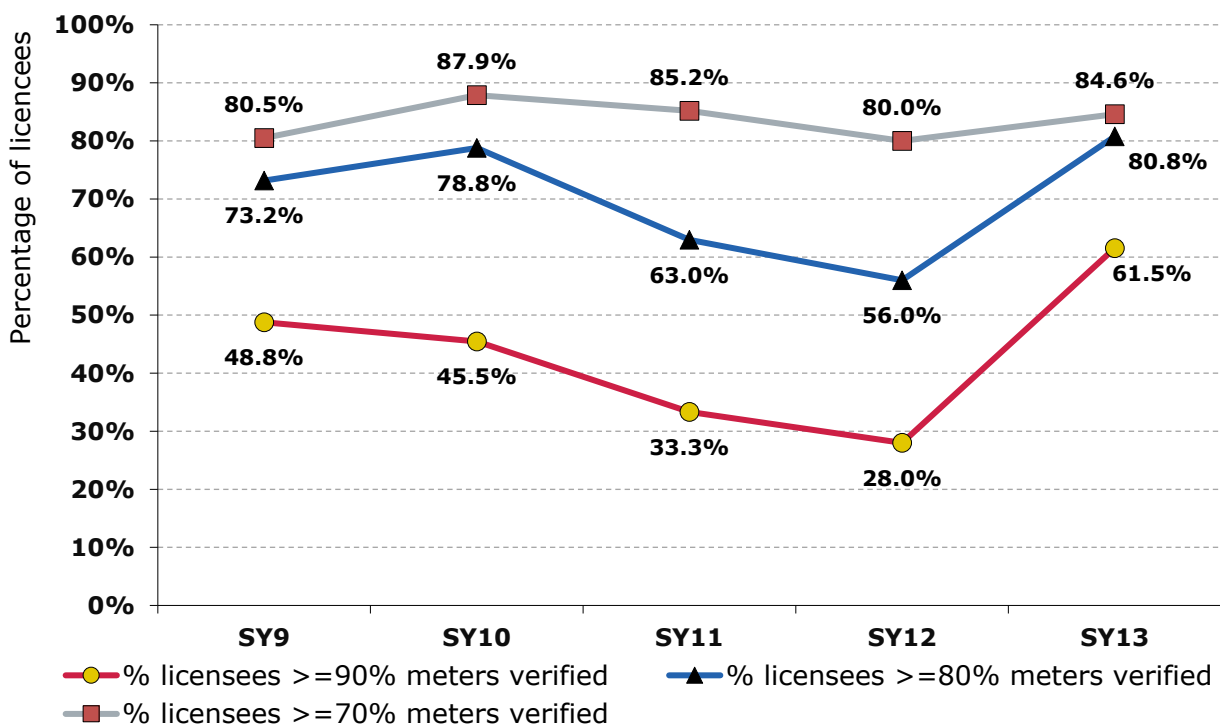
### Biennial meter read verifications

4.12 In accordance with their licence conditions, Licensees are required to take all reasonable steps to ensure the accuracy of FIT payments by verifying FIT meter readings at least once every two years. Ofgem monitors each supplier’s biennial meter verification (BMV) performance weekly to ensure areas for improvement are identified and managed effectively. The BMV process is essential for the integrity of the FIT scheme as it provides extra assurance on eligible output before making FIT payments. Where possible, we expect suppliers to aim for 100% of meters read within each two-year period.

4.13 **Figure 4.4** shows Licensee BMV performance from SY9 to SY13. Although the total number of Licensees continues to fall, the proportion of Licensees managing to verify at least 90% of meters within two years increased significantly.

**Figure 4.4: Biennial meter verification - Licensee performance, SY9-13**

Line graph showing Licensee BMV performance from SY9 to SY13. The percentage of suppliers verifying 90% or more of the meters within two years has been falling since SY9 (from 48.8% to 28.0% in SY12) but increased significantly in SY13, to 61.5%. The percentage verifying at least 80% of meters has also been falling since SY10 (from 78.8% to 56.0% in SY12) but increased to 80.8% in SY13. The percentage verifying at least 70% of meters has varied since SY10, reaching 84.6% in SY13.



4.14 We expect Licensees to be proactive in managing their scheme compliance and reporting, and hold them to account where this is not the case. We open compliance cases with poorly performing Licensees and outline our concerns, setting performance measures and target dates for improvement. In SY13 we targeted the poorest performing Licensees first, obtaining their improvement plans and maintaining regular contact for updates on their scores. This has yielded some success with 16 Licensees at the time of writing having scores above 90%.

### FIT Licensee audits

4.15 The aim of our licensee audit programme is to check the compliance of FIT Licensees with the scheme regulations and the requirements set out in our guidance. Seven FIT Licensees were audited during SY13. These audits were carried out to ensure information submitted to Ofgem was accurate and that Licensee processes were sufficiently robust. This helps to ensure that Licensees can effectively fulfil their obligations under the scheme.

4.16 FIT Licensees are selected each year upon a number of criteria. These include, but are not limited to:

- The size of the Licensee's Generator portfolio
- If the Licensee is a new entrant to the scheme
- The length of time since their last audit
- Previous assurance ratings
- Any concerns arising in the previous compliance year.

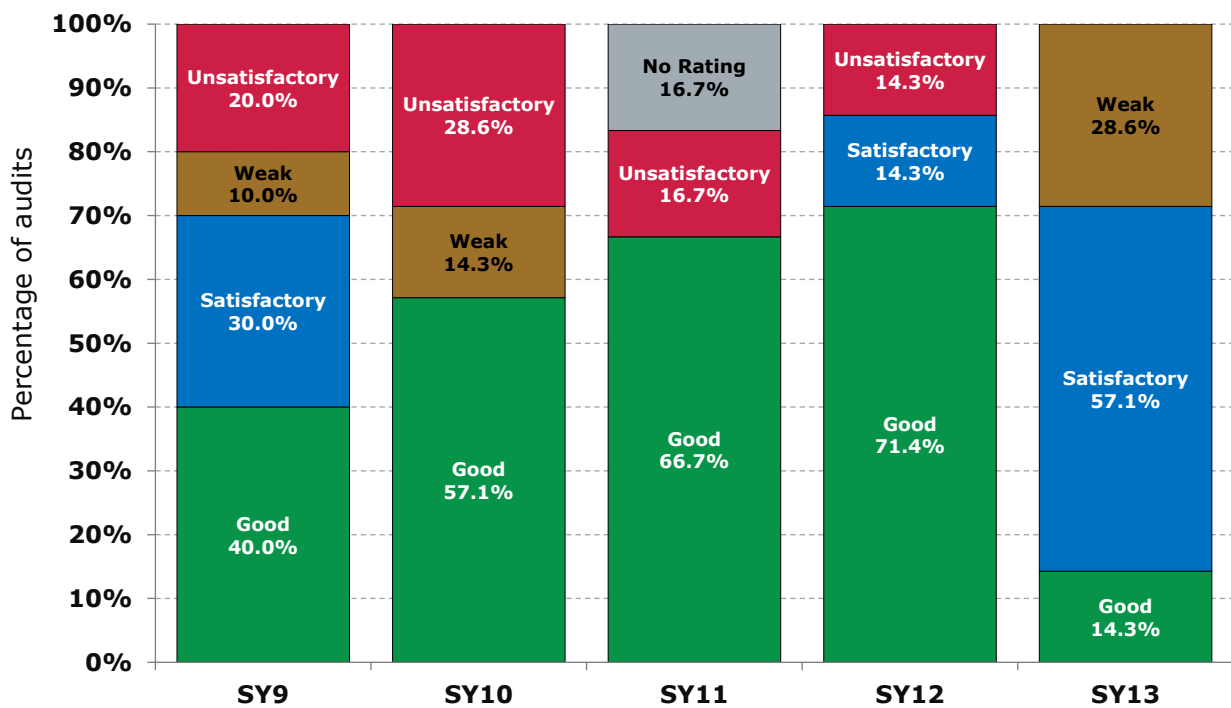
4.17 Each audit is given a rating depending on the outcome of the audit based upon a risk assessment carried out by the auditor. For example:

- **'Unsatisfactory'** audits identified numerous exceptions, including those graded as 'medium' or 'major', which individually or collectively may impact negatively on the overall level of compliance
- **'Weak'** identified several exceptions which individually or collectively may impact negatively on the overall level of compliance
- **'Satisfactory'** identified a small number of exceptions, of which none were graded 'major', and were reported to the Supplier to make improvements in operating procedures
- **'Good'** either had no exceptions or if there are any, these were reported to the Supplier to address minor shortcomings in operating procedures or meet best practice.

4.18 The percentage of audits being given each rating for SY9 to SY13 can be seen in **Figure 4.5** below.

**Figure 4.5: FIT Licensee audit scores, SY9-13**

Stacked column chart showing the percentage of audits being awarded each rating from SY9 to SY13. The proportion of 'Good' ratings has risen steadily since SY9 reaching 71.4% in SY12 but dropping to 14.3% in SY13. The proportion of 'Unsatisfactory' ratings have gradually decreased from SY10 onward with no 'Unsatisfactory' rating given in SY13. 'Satisfactory' and 'Weak' ratings have fluctuated throughout, with 57.1% given 'Satisfactory' and 28.6% given 'Weak' rating in SY13. The small sample size creates significant variations between results for each scheme year.



4.19 The proportion of 'Weak' audits increased from zero in SY12 to 28.6% in SY13, with no 'Unsatisfactory' audit ratings given in SY13. The main reasons<sup>45</sup> for audits having an assurance rating of 'Weak' in SY13 were:

- Poor methodology for calculating figures
- Poor record keeping
- Documents containing inaccurate information.

<sup>45</sup> More audit information including supplier names and subsequent action can be found in the [Supplier Performance Report \(SPR\)](https://www.ofgem.gov.uk/supplier-performance-report-spr): <https://www.ofgem.gov.uk/supplier-performance-report-spr>

4.20 We expect suppliers to take compliance with their obligations extremely seriously. Following completion of each audit, the audit report is shared with the relevant FIT Licensee. We use this opportunity to discuss the findings and highlight best practice in areas where they have fallen short. Our expectation is that the audit recommendations are implemented, and any concerns raised are resolved. Where the non-compliance is more serious, or there is continued poor performance we may take further action, including enforcement sanctions where appropriate.

### Enforcement

4.21 All Licensees are required to comply with their licence conditions and statutory FIT obligations. Ofgem may take enforcement action in cases of non-compliance. Decisions on whether to take action and what enforcement action is appropriate are made on a case-by-case basis, in line with Ofgem's Enforcement Guidelines.<sup>46</sup>

4.22 The enforcement powers available to us include imposing financial penalties, issue of formal regulatory orders to secure compliance (called Provisional Orders and Final Orders), as well as other alternative measures. Within SY13, the below enforcement action was taken in respect of suppliers on the FIT scheme.

4.22.1 In November 2022, we issued a Provisional Order to Delta Gas and Power Ltd.<sup>47</sup> The supplier failed to make its Quarter 2 Levelisation payment by the deadline. The Provisional Order required Delta to pay the outstanding amount forthwith and the supplier subsequently paid in full. As such, the Provisional Order has since been revoked.

4.22.2 No Final Orders were issued.

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<sup>46</sup> [Ofgem's Enforcement Guidelines](https://www.ofgem.gov.uk/publications/enforcement-guidelines): <<https://www.ofgem.gov.uk/publications/enforcement-guidelines>>

<sup>47</sup> [Delta Gas and Power Ltd: Provisional Order](https://www.ofgem.gov.uk/publications/delta-gas-and-power-ltd-provisional-order-y13-q2-fit-levelisation-payment): <<https://www.ofgem.gov.uk/publications/delta-gas-and-power-ltd-provisional-order-y13-q2-fit-levelisation-payment>>

## 5. Compliance of FIT Generators

### Chapter summary

This chapter covers audit and compliance activity in respect of FIT Generators during Scheme Year 13 (SY13). It provides a summary of the results of the targeted Generator audit programme, and gives an update on generator compliance, counter fraud, and an overview of our work to safeguard public funds.

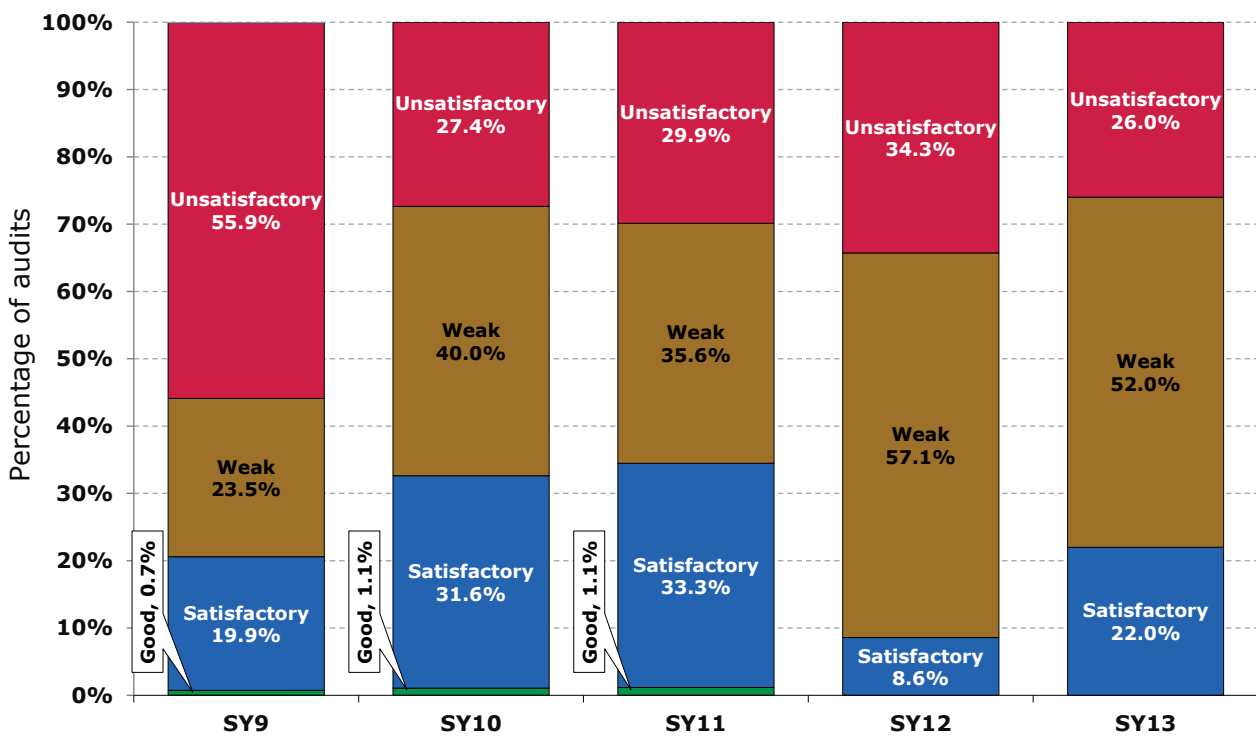
### FIT Generator audits

- 5.1 The aim of our generator audit programme is to check the compliance of FIT Generators with the scheme regulations and the requirements set out in our guidance, to identify and deter potential non-compliance, misreporting and fraud on the scheme. Audits are conducted to determine the accuracy of information submitted throughout the application process, helping to ensure that payments are only made against eligible generation, thereby protecting the public purse.
- 5.2 In SY13 we audited 50 ROO-FIT generating stations. Similar to previous years, all 50 audits were targeted based on known areas of risk.
- 5.3 Each audit received a rating based on the findings. For example:
- **'Unsatisfactory'** audits identified major issues of non-compliance with a significant financial impact or identified stations ineligible for support under the scheme
  - **'Weak'** audits found moderate issues of non-compliance, problems with a financial impact or eligibility
  - **'Satisfactory'** audits showed minor issues of non-compliance, low financial impacts or found areas of poor practice
  - **'Good'** audits identified no issues impacting on scheme participation.
- 5.4 **Figure 5.1** shows the percentage of audits receiving each rating between SY9 and SY13. In SY13, no stations were assigned a rating of 'Good'. Of the 50 audits conducted, 39 of the stations (78.0%) were rated either 'Weak' or 'Unsatisfactory', with the remaining 11 stations (22.0%) receiving a 'Satisfactory' rating. A high proportion of 'Weak' and 'Unsatisfactory' assurance ratings was expected as all 50 audits were targeted in scheme risk areas. We would not expect this to be representative of compliance across the accredited population.



**Figure 5.1: FIT Generator audit scores, SY9-13**

Stacked column chart showing FIT Generator audit scores from SY9 to SY13. Since SY10 'Weak' ratings have formed the largest proportion of audit scores, reaching 57.1% in SY12, before dropping to 52.0% in SY13. Moreover, SY13 saw the proportion of 'Unsatisfactory' ratings drop to 26.0% from 34.3% in SY12. In SY13, 22.0% of audits have been classed as 'Satisfactory', an increase from 8.6% in SY12. While 'Good' ratings have been consistently around 1% of audits in the previous years, in SY12 and SY13 no audits were rated 'Good'.



5.5 Findings recorded in the audit reports demonstrated some common themes. These are summarised below:

- incorrect TIC declared on accreditation application
- insufficient evidence surrounding commissioning dates
- inability to verify FIT payments due to outstanding information.

5.6 A review of the audit process was conducted to streamline the procedure and improve the generator experience. Going forward, we are updating our assurance rating definitions to ensure they correctly represent our risk appetite. This includes reclassification of audit findings, making it easier to classify observations, identify non-financial non-compliances and financial non-compliances. This will lead to a consistent approach for all FIT Generator audits, greater accuracy in our reporting and ease in identification of audit findings, especially non-compliances.

5.7 We work closely with Generators once audit reports are completed to ensure issues relating to poor practice are resolved, and we investigate any potential instances of non-compliance or fraudulent activity. Non-compliance can lead to serious consequences including Ofgem withdrawing accreditation, amending tariffs or withholding/recouping FIT payments. Where fraud is suspected we will investigate and if appropriate, engage with the relevant law enforcement agencies. Further detail on the investigations we conduct into potential cases of non-compliance or fraud are detailed below.

## Generator compliance

- 5.8 We take compliance extremely seriously and we investigate matters where we have concerns, particularly where there could be a financial impact. There are a range of outcomes from such investigations, including serious consequences such as recouping payments, withdrawal from the FIT scheme, and referral to law enforcement agencies in cases of suspected fraud.
- 5.9 When issues are detected through our audit programme that may result in actions affecting an installation's FIT accreditation or FIT payments, the case is referred for further compliance assessment. We assess the compliance of generating stations against FIT legislation to determine if compliance action is required. These actions are outlined in articles 17 and 35 of the FIT Order 2012 (as amended)<sup>48</sup>. Where appropriate, to prevent payments being made incorrectly, we may decide to suspend FIT Payments before a compliance decision has been finalised.
- 5.10 Following targeted audits conducted in various scheme years<sup>49</sup>, 45 new cases were referred in SY13 for further assessment to determine if a compliance investigation was required. One of these referrals relate to an audit from SY11, 24 to audits conducted in SY12, and 20 to audits carried out in SY13. Of these 45 cases, 19 were closed with no further action as the generators provided additional evidence to resolve our concerns.
- 5.11 Additionally, a further nine cases were closed in SY13 (originating from various scheme years) with three of these resulting in compliance action. In these three cases, the solar PV installation's FIT tariff was adjusted due to the installations no longer meeting the Energy Efficiency Requirement<sup>50</sup>. Subsequently, Ofgem instructed the FIT Licensees to withhold FIT payments to the installations until the overpayments were recouped. The

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<sup>48</sup> [FIT Order 2012 \(as amended\)](https://www.legislation.gov.uk/uksi/2012/2782/contents/made): <<https://www.legislation.gov.uk/uksi/2012/2782/contents/made>>

<sup>49</sup> Delay in referral for further compliance action may be due to the generator's slow response to our requests and letters of information.

<sup>50</sup> [Feed-in Tariffs \(FIT\) - Payments and tariffs](https://www.ofgem.gov.uk/environmental-and-social-schemes/feed-tariffs-fit/tariffs-and-payments): <<https://www.ofgem.gov.uk/environmental-and-social-schemes/feed-tariffs-fit/tariffs-and-payments>>

combined value of these compliance decisions is estimated at approximately £29,000 over the 20-year lifetime support period.

- 5.12 Following the successful implementation of the new process for referring potentially non-compliant cases from our audit programme to Compliance, we continue to review current practices to ensure they remain efficient. Under the new process, audit findings are assessed against a list of non-compliances which allows potential financial non-compliances to be quickly identified.<sup>51</sup>
- 5.13 Going forward, we will have increasingly low tolerance for non-engagement. To further improve our compliance process, we set strict deadlines for generators when responding to our information requests. Where generators fail to comply with our request before the allocated deadline or are deemed to be uncooperative, this may result in compliance action, such as the suspension of payments.

## Counter Fraud

- 5.14 The purpose of our Counter Fraud work is to detect, prevent and deter fraud, and take firm action where there is evidence of fraud. To detect fraud, we proactively monitor risks and investigate information received through referrals. We then determine if a fraud investigation is required. During the investigation we establish if the allegation of fraud is supported by the evidence, and based on the result, we either close the case without action, take enforcement action, or refer the case to law enforcement agencies.<sup>52</sup>
- 5.15 During SY13, we received nine referrals for suspected fraud on the FIT scheme. This is a reduction on previous years which can likely be attributed to the closure of the scheme to new applicants. One suspected fraud investigation was opened as a result of these referrals. This case is now closed with no further action as insufficient evidence was found to support the original suspected fraud allegation.
- 5.16 A further nine suspected fraud investigations were closed in SY13. Three of these cases had been referred to us in SY10, two in SY11, and four in SY12.
- 5.16.1 During one of these investigations evidence was obtained from parties that demonstrated the use of falsified commissioning documents. The same falsified

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<sup>51</sup> More information on these changes can be found on the Ofgem website – [Audits of Renewables Obligation \(RO\) Generating Stations 2023/24](https://www.ofgem.gov.uk/publications/audits-obligation-ro-generating-stations-202324): <https://www.ofgem.gov.uk/publications/audits-renewables-obligation-ro-generating-stations-202324>

<sup>52</sup> [Counter fraud for environmental and social programmes](https://www.ofgem.gov.uk/environmental-and-social-schemes/counter-fraud-environmental-and-social-programmes): <https://www.ofgem.gov.uk/environmental-and-social-schemes/counter-fraud-environmental-and-social-programmes>

information was provided by the generator in support of their accreditation application to verify installation. As a result of this action, which was also reported to Action Fraud, the decision was made to withdraw the installation's FIT accreditation. This stopped all further payments to the generator worth £55,345. We instructed the FIT licensee to recoup the £1,139 worth of payments already made to the generator.

5.16.2 In another investigation, while there was insufficient evidence to support the original allegation of suspected fraud, errors were found leading to compliance action. The investigation found that the site did not meet the Energy Efficiency Requirement and it was placed on the lower FIT tariff. This resulted in the generator receiving an estimated £4,643 reduction in payments.

5.16.3 There was insufficient evidence to support the original allegation in the other seven investigations, and as no errors were found, these cases were closed with no further action taken.

5.17 We take Counter Fraud very seriously. Where there is strong evidence of wrongdoing, Ofgem reports the matter to Action Fraud and other law enforcement agencies.

## Safeguarding Public Funds

5.18 As part of our commitment to safeguarding public funds and ensuring value for money in administering the FIT scheme, we have a robust system of detection and prevention of error and suspected fraud.

5.19 In the context of this report, 'error' is defined as the difference between what an installation could or has received in incentive payments, and what they are eligible to receive.

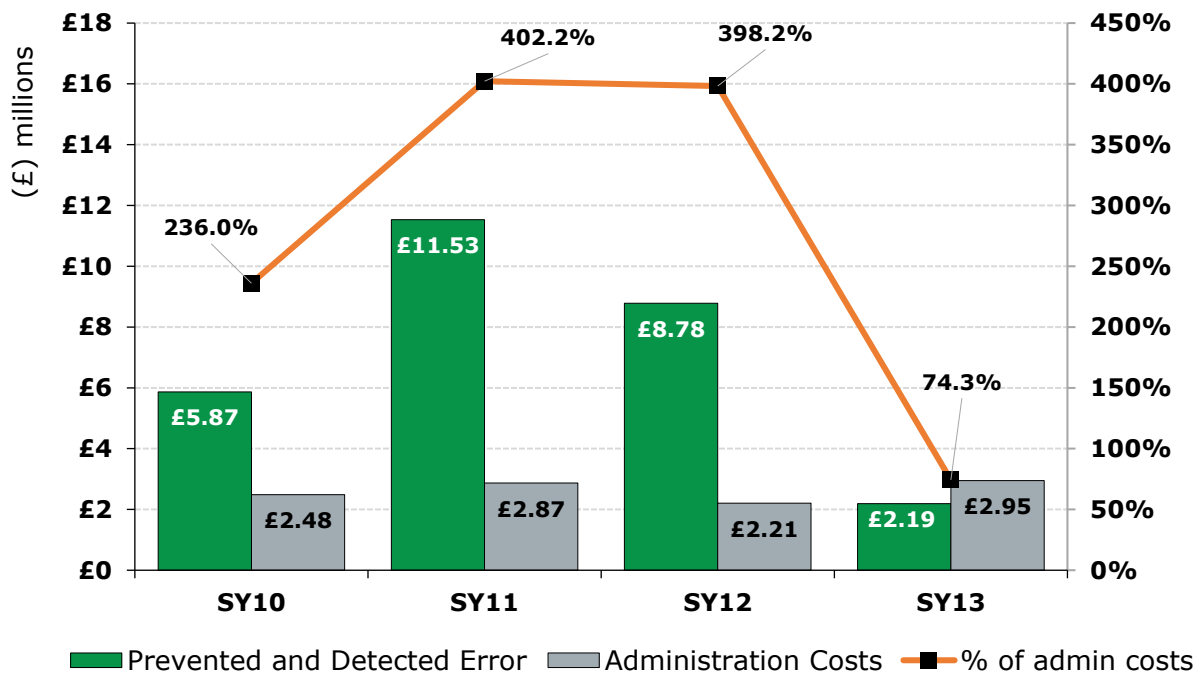
5.20 We classify error and suspected fraud as either being prevented or detected. A prevented issue refers to any money which we have prevented from being paid out because of our work. A detected issue relates to any payment which has been made to a generator for which they were not eligible.

5.21 **Figure 5.2** shows that our work in this area has resulted in £2.19 million being identified during SY13 through our compliance work and accreditation assessments. Of this, we prevented £2,190,329 being paid out incorrectly and we detected a further £1,139 that was paid to generators who were not eligible to receive it. Where FIT payments are made incorrectly, we work with FIT Licensees to ensure that this money is recouped.

5.22 The sum of £2.19 million is significantly lower than the £8.78 million identified during SY12. This was primarily due to the closure of the scheme. Following the closure of the scheme, there was a fall in the number of applications being assessed and the number of application refusals, and as such, a fall in reported error.

**Figure 5.2: Prevented/detected error and suspected fraud, SY10-13**

Combined column and line chart showing prevented and detected error against Ofgem’s administration costs. The value of prevented and detected error has consistently been higher than our administration costs. This gap peaked in SY11 where our administration costs were £2.87 million but through our work, we identified £11.53 million in prevented and detected error. For SY13, our administration costs were £2.95 million, and as such, our work resulted in error equivalent to over 74% of our total admin costs being protected.



## 6. Our Administration

### Chapter summary

This chapter provides detail on our administration activity during Scheme Year 13 (SY13). We perform several functions as administrator of the scheme, including processing applications and amendments, maintaining the Central FIT Register (CFR), and managing the Levelisation process. Additionally, we conduct licensee and generator audit programmes, engage with scheme stakeholders and work to ensure generators' ongoing compliance with the scheme regulations.

- 6.1 As administrators of the FIT scheme Ofgem performs a number of functions including:
- Publishing guidance
  - Processing applications, including assessing amendments to existing accreditations, for large wind and solar PV installations, and all anaerobic digestion (AD) and hydro installations
  - Maintaining the Central FIT Register (CFR), the database of all accredited installations
  - Managing the Levelisation process
  - Ensuring suppliers and generators comply with the FIT scheme requirements
  - Ensuring that the scheme is guarded against fraud and error
  - Reporting annually on the amount of electricity generated under the scheme, associated payments made, characteristics of accredited installations, and generator and supplier compliance.
- 6.2 For transparency we publish some performance measurements on our website<sup>53</sup> and below we give more detailed information elaborating on some of the work we have done administering the scheme during SY13.

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<sup>53</sup> [Scheme performance indicators](https://www.ofgem.gov.uk/environmental-and-social-schemes): <<https://www.ofgem.gov.uk/environmental-and-social-schemes>>

Application processing (ROO-FIT<sup>54</sup>)**Figure 6.1: Summary of application processing, SY13**

CTF Applications Received	Amendments Received	Applications Approved	Applications Refused	Value of Refused Applications
13	145	63	10	£1,331,618

- 6.3 **Figure 6.1** shows we received 13 convert-to-full (CTF) applications in SY13, down from 45 in SY12. These were all hydro applications, which was the only technology that remained eligible to submit CTF applications in SY13.
- 6.4 CTF hydro applications could still claim a grid delay grace period due to the unavailability of Distribution Network Operator (DNO) staff as they responded to storm damage during February and March 2022. The grace period allows a claim to be made up to 12 months after the end of the validity period. The grace period window will close in September 2023 and although possible more may claim, it is unlikely.
- 6.5 A total of 10 applications worth £1,331,618 were refused during SY13, slightly lower than the 13 refused in SY11. In each case the applications were refused as they did not meet the requirements of the scheme.

## Central FIT Register (CFR)

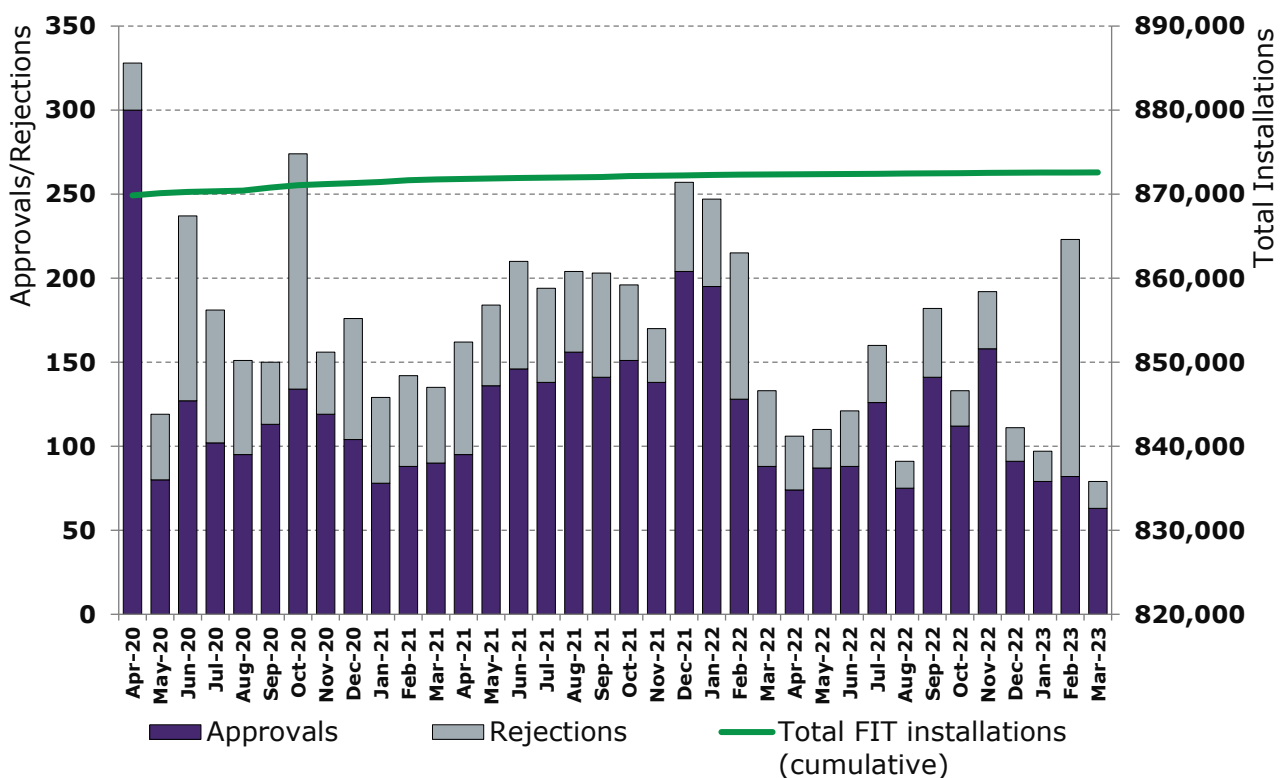
- 6.6 It is the responsibility of Licensees to ensure the information on the CFR is accurate and complete. From time to time, it is necessary for Licensees to make changes to the installations already registered on the CFR. For example, this could be to update the details for an installation after a change of ownership, or to correct details that have been incorrectly recorded.
- 6.7 Licensees make changes to installations on the database themselves via the CFR taskbar. Most of these changes do not require approval but where a change may impact eligibility or tariff rates, we review the request before making a decision on whether it can be approved.
- 6.8 As shown in **Figure 6.2**, we track the number of approved and rejected change requests.

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<sup>54</sup> ROO-FIT is the accreditation pathway used on the FIT scheme for solar PV and wind installations with a capacity greater than 50kW, and for all hydro and anaerobic digestion installations.

**Figure 6.2: Monthly CFR change request approvals and rejections vs total installations**

Combined stacked column and line chart showing monthly CFR taskbar approvals and rejections alongside the cumulative total of installations on the FIT from April 2020 to March 2023. The chart includes all installations on the CFR as the cumulative total. Approval/rejection volumes have generally remained below 250 per month since October 2020. The average rejection rate also fell from 27.75% in April 2021 to March 2022, to 26.72% April 2022 to March 2023. On average, between April 2020 and March 2023 change requests were raised against 0.02% of the total installations.



6.9 In some cases, where we find that a supplier has failed to fulfil their obligations under the scheme, an incident is added to the Supplier Performance Report (SPR)<sup>55</sup>. The reasons change requests may be added to the SPR are outlined below:

- Approvals - A request to correct an earlier error made by a licensee is approved by Ofgem
- Rejections - An amendment or new entry on the CFR is rejected due to incorrect information on the request or the correct submission process not being followed.

<sup>55</sup> [Information on the SPR](https://www.ofgem.gov.uk/supplier-performance-report-spr): <https://www.ofgem.gov.uk/supplier-performance-report-spr>



6.10 **Figure 6.3** shows that throughout SY13, we processed a total of 1,605 change requests on the CFR, of which 1,176 (73.27%) were approved. Of the approved requests, 18.79% were needed to correct data that had been incorrectly entered into the CFR by suppliers. These incidents were subsequently added to the SPR. The remaining 81.21% of approvals were required due to natural changes to the installation details and as such were not included in the SPR. During this period, we rejected 429 of the change requests which were submitted, 186 (43.36%) of these rejected requests were added to the SPR due to incorrect information being submitted by the FIT Licensee.

**Figure 6.3: Taskbar approvals and rejections, SY11-13**

	SY11	SY12	SY13
<b>SPR Approvals</b>	482	491	221
<b>Non-SPR Approvals</b>	967	1,225	955
<b>Approved Total</b>	<b>1,449</b>	<b>1,716</b>	<b>1,176</b>
<b>SPR Rejections</b>	125	132	186
<b>Non-SPR Rejections</b>	592	527	243
<b>Rejections Total</b>	<b>717</b>	<b>659</b>	<b>429</b>
<b>Total Processed</b>	<b>2,166</b>	<b>2,375</b>	<b>1,605</b>

## Enquiries

6.11 Ofgem receives many enquiries relating to the FIT scheme. Many of these relate to the ROO-FIT accreditation process, MCS guidance and licensee issues. We also receive enquiries related to ongoing generator compliance and general queries regarding the scheme itself. As seen in **Figure 6.4**, 1,769 telephone calls and 2,465 email enquiries were received in SY13.

**Figure 6.4: Number of FIT Enquiries by Type, SY13**

	KPI	Received	Met KPI	Performance
<b>Telephone enquiries</b>	85% of calls answered/no more than 15% abandoned	1,769	1,738	98.25%
<b>Email enquiries</b>	80% of email enquiries responded to within 10 working days	2,465	2,465	100%

6.12 We exceeded our performance targets for enquiries in SY13, with 98.25% of telephone enquiries answered, and 100% of email enquiries receiving a response within 10 working days.

## 7. Looking Forward

### Chapter summary

This chapter provides a summary of any significant changes affecting the future of the FIT scheme.

### Future of the FIT scheme

- 7.1 The FIT closed to new registrations as of 1 April 2019. However, work is still required to process a number of preliminary accreditations and complex applications submitted prior to scheme closure. The scheme provides generation and export payments over a 20-year period, and as such, we will keep servicing generators up until 31 March 2042. Over this period, we will carry on ensuring that the processes supporting the scheme remain effective and we will continue to publish this report annually.
- 7.2 Following on from the closure of the FIT, the Smart Export Guarantee (SEG)<sup>56</sup> launched on 1 January 2020. The SEG is a government-backed market initiative available to the same technology types and with the same maximum capacity as the FIT scheme, and ensures homes and businesses with small-scale electricity generation can receive payment for the surplus low-carbon electricity they export to the National Grid.

### Use of previously accredited equipment

- 7.3 As the average age of accredited FIT installations increases, so does the likelihood that generating equipment needs to be replaced. Following Ofgem's decision in December 2021 to allow replacement generating equipment, we received an increasing number of queries from FIT Generators and industry stakeholders around the restriction on the use of replacement equipment that was previously part of an accredited FIT or RO<sup>57</sup> installation. The restriction had been in place to avoid double subsidising of the same equipment under renewable electricity schemes.
- 7.4 We recognised that the risks that existed when the scheme was open are different to those risks facing the scheme today. After considering representations from stakeholders and the risk of double subsidy given the FIT scheme is closed to new applications, we amended our approach to permit the use of previously accredited equipment in accredited FIT installations. This approach brought it in line with our

<sup>56</sup> [Information on the SEG](https://www.ofgem.gov.uk/environmental-and-social-schemes/smart-export-guarantee-seg): <<https://www.ofgem.gov.uk/environmental-and-social-schemes/smart-export-guarantee-seg>>

<sup>57</sup> [Renewables Obligation \(RO\)](https://www.ofgem.gov.uk/environmental-and-social-schemes/renewables-obligation-ro) : <<https://www.ofgem.gov.uk/environmental-and-social-schemes/renewables-obligation-ro>>

previous decision to allow replacement generating equipment. We expect that this change will support generators and enable recycling of equipment. This was reflected in an update to the Feed-in Tariffs: Guidance for renewable installations, published by Ofgem on 3 April 2023.<sup>58</sup>

### Green Import Exemptions

- 7.5 The costs of the FIT scheme are levied on GB suppliers in proportion to their share of the GB electricity sales market. Electricity suppliers were able to seek exemptions from the costs of the FIT scheme in respect of renewable electricity generated overseas and supplied in GB. These exemptions were known as green import exemptions and were evidenced by the presentation and recognition of EU Guarantees of Origin (GoO) certificates. Eligible imported electricity was not included in a supplier's market share of supply for the purposes of calculating their obligations to pay FIT scheme costs. The amount of imported renewable electricity that could qualify under these exemptions was capped in accordance with criteria set out in regulations.
- 7.6 The Government led a consultation<sup>59</sup> in March 2022 on the removal of these scheme costs exemptions for green imported electricity. It committed to remove the availability of the green import exemptions for the FIT Scheme and amended the FIT legislation. The Feed-in Tariffs (Amendment) Order 2023 came into force on 1 April 2023<sup>60</sup> and applies for FIT SY14 (1 April 2023 to 31 March 2024) and in each subsequent FIT year. An update to the Feed-in Tariffs: Guidance for licenced electricity suppliers was published on 3 April 2023<sup>61</sup> to reflect the removal of green import exemptions from FIT SY14 onwards.

### New FIT Statistical Generator Audit Programme

- 7.7 We take compliance extremely seriously, investigating any potential non-compliance or areas of concern, particularly where there may be financial impact. There are a range of outcomes from such investigations, including serious consequences such as recouping payments, withdrawal from the scheme, and referral to law enforcement agencies in cases of suspected fraud.

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<sup>58</sup> [Feed-in Tariffs: Guidance for renewable installations](https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-renewable-installations): <<https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-renewable-installations>>

<sup>59</sup> [Feed in Tariffs and Contracts for Difference: proposals relating to Guarantees of Origin](https://www.gov.uk/government/consultations/feed-in-tariffs-and-contracts-for-difference-proposals-relating-to-guarantees-of-origin): <<https://www.gov.uk/government/consultations/feed-in-tariffs-and-contracts-for-difference-proposals-relating-to-guarantees-of-origin>>

<sup>60</sup> [The Feed-in Tariffs \(Amendment\) Order 2023](https://www.legislation.gov.uk/uksi/2023/127/pdfs/uksiem_20230127_en.pdf): <[https://www.legislation.gov.uk/uksi/2023/127/pdfs/uksiem\\_20230127\\_en.pdf](https://www.legislation.gov.uk/uksi/2023/127/pdfs/uksiem_20230127_en.pdf)>

<sup>61</sup> [Feed-in Tariffs: Guidance for licensed electricity suppliers](https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-licensed-electricity-suppliers): <<https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-licensed-electricity-suppliers>>

- 7.8 We are actively monitoring generator and supplier compliance to ensure that Licensees continue to fulfil their obligations and only Generators who continue to meet scheme rules receive payments. In part, this is achieved through our extensive audit programme. This, along with the counter fraud measures that we continue to implement, ensures that tariffs are only paid for eligible renewable electricity generation and export. This helps make sure the scheme is delivered in a fair and effective way for consumers.
- 7.9 As a part of our ongoing commitment to identify and address non-compliance within our schemes, we are introducing a new ROO-FIT statistical generator audit programme. This will provide us with a greater understanding of the level of non-compliance over the FIT scheme population. Launched in October 2023, this initiative represents a significant step forward in our audit methodology.
- 7.10 The FIT statistical programme extends the audit period over 18 months for its first iteration.<sup>62</sup> This will allow us to spread the audit volumes over a longer timeframe, and provide us with time to develop and embed the new processes that are associated with the programme. This audit programme is based on a random selection methodology which ensures that we gain a representative view of non-compliance over the FIT scheme population. Our primary objective remains to maintain the scheme's integrity by verifying the accuracy of information provided during accreditation, promoting fairness among generators and deterring potential non-compliance.

### **Renewable Electricity Register Launch**

- 7.11 Ofgem is redeveloping the 'Renewables and CHP Register', currently used to administer the Renewables Obligation (RO), Feed-in Tariffs (specifically ROO-FIT) and Renewables Energy Guarantees of Origin (REGO) schemes. The new Register will be called the Renewable Electricity Register (RER) and aims to provide a better user experience and a more robust system moving forward.
- 7.12 The new Register will focus on signposting users to guidance rather than focusing on help text, allowing users to efficiently find relevant information and make informed decisions on their amendments. More information and the latest updates on the Register can be found on the Ofgem website.<sup>63</sup>

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<sup>62</sup> [Audits of Renewables Obligation \(RO\) Generating Stations 2023/24](https://www.ofgem.gov.uk/publications/audits-renewables-obligation-ro-generating-stations-202324):

<<https://www.ofgem.gov.uk/publications/audits-renewables-obligation-ro-generating-stations-202324>>

<sup>63</sup> [Redevelopment of the Renewables and CHP Register - Timeline and project progress update](https://www.ofgem.gov.uk/publications/redevelopment-renewables-and-chp-register-timeline-and-project-progress-update)

<<https://www.ofgem.gov.uk/publications/redevelopment-renewables-and-chp-register-timeline-and-project-progress-update>>

## Appendices

### Appendix 1: Mandatory and Voluntary Licensees

**Figure A1.1: Mandatory FIT Licensees and their associated electricity supply licences**

Supplier Group	Electricity Supply Licence
British Gas Trading Limited	British Gas Trading Limited
E.ON Energy Solutions Limited	E.ON Energy Solutions Limited
E.ON Energy Solutions Limited	E.ON Next Energy Limited
E.ON Energy Solutions Limited	E.ON UK plc
EDF Energy Customers Limited	EDF Energy Customers Limited
Edgware Energy Limited	Edgware Energy Limited
Electricity Plus Supply Limited	Electricity Plus Supply Limited
Npower Limited	Npower Limited
Octopus Energy Limited	Affect Energy Limited
Octopus Energy Limited	Octopus Energy Limited
Octopus Energy Limited	Octopus Energy Operations Limited (Bulb Energy)
OVO Energy	OVO Electricity Limited
OVO Energy	OVO (S) Electricity Limited
ScottishPower Energy Retail Limited	ScottishPower Energy Retail Ltd
Shell Energy	Shell Energy Retail Limited
Shell Energy	Shell Energy UK Limited
So Energy Trading Limited	So Energy Trading Limited
Utilita Energy Limited	Utilita Energy Limited

**Figure A1.2: Voluntary FIT Licensees and their associated electricity supply licences**

Supplier Group	Electricity Supply Licence
Arto.Energy Limited	Arto.Energy Limited
Conrad Energy (Trading) Limited	Conrad Energy (Trading) Limited
Coulomb Energy Supply Limited	Coulomb Energy Supply Limited
Drax Energy Solutions Limited	Drax Energy Solutions Limited
Ecotricity Limited	Ecotricity Limited
ENGIE Power Limited	ENGIE Power Limited
F & S Energy Limited	F & S Energy Limited
Good Energy Limited	Good Energy Limited
Green Energy (UK) Limited	Green Energy (UK) Limited
Limejump Energy Limited	Limejump Energy Limited
Opus Energy Group Limited	Farmoor Energy Limited
Opus Energy Group Limited	Opus Energy (Corporate) Limited
Opus Energy Group Limited	Opus Energy Limited
Opus Energy Group Limited	Opus Energy Renewables Limited
Pozitive Energy Limited	Pozitive Energy Limited
TotalEnergies Gas & Power	TotalEnergies Gas & Power
Tradelink Solutions Limited	Tradelink Solutions Limited
Valda Energy Limited	Valda Energy Limited

## Appendix 2: Total Annual Generation and Export Payments

**Figure A2.1: Total export and generation payments made by FIT Licensees in SY13**

Licensee	Total generation payments made	Total export payments made	Total payments
Affect Energy Limited	£0.00	£0.00	£0.00
Arto.Energy Limited	£9,683,023.03	£1,678,347.13	£11,361,370.16
British Gas Trading Limited	£162,745,111.94	£16,067,143.62	£178,812,255.56
Conrad Energy (Trading) Limited	£769,773.58	£0.00	£769,773.58
Coulomb Energy Supply Limited	£0.00	£0.00	£0.00
Drax Energy Solutions Limited	£1,492,554.03	£44,438.29	£1,536,992.32
E.ON Energy Solutions Limited	£0.00	£0.00	£0.00
E.ON Next Energy Limited	£386,757,384.73	£15,794,316.04	£402,551,700.77
E.ON UK plc	£0.00	£0.00	£0.00
Ecotricity Limited	£81,260,532.61	£8,243,271.90	£89,503,804.51
EDF Energy Customers Limited	£212,832,828.31	£6,021,588.75	£218,854,417.06
Edgware Energy Limited	£0.00	£0.00	£0.00
Electricity Plus Supply Limited	£12,181,539.97	£1,084,689.24	£13,266,229.21
ENGIE Power Limited	£30,273,161.39	£521,645.60	£30,794,806.99
F & S Energy Limited	£24,610,716.29	£18,451.20	£24,629,167.49
Farmoor Energy Limited	£0.00	£0.00	£0.00
Good Energy Limited	£225,797,757.92	£12,761,117.01	£238,558,874.93
Green Energy (UK) Limited	£3,674,790.89	£73,513.15	£3,748,304.04
Limejump Energy Limited	£19,653,083.41	£0.00	£19,653,083.41
Npower Limited	£0.00	£0.00	£0.00
Octopus Energy Limited	£9,076,405.21	£511,774.76	£9,588,179.97
Octopus Energy Operations Limited (Bulb Energy)	£1,026,510.23	£265,631.57	£1,292,141.80
Opus Energy (Corporate) Limited	£0.00	£0.00	£0.00
Opus Energy Limited	£38,137,454.37	£56,961.05	£38,194,415.42
Opus Energy Renewables Limited	£114,515,051.56	£246,166.08	£114,761,217.64
OVO (S) ELECTRICITY LIMITED	£142,494,909.04	£7,315,772.31	£149,810,681.35
Ovo Electricity Limited	£31,661,244.10	£2,659,550.43	£34,320,794.53
Positive Energy Limited	£0.00	£0.00	£0.00

Licensee	Total generation payments made	Total export payments made	Total payments
ScottishPower Energy Retail Limited	£71,173,437.80	£5,873,507.27	£77,046,945.07
Shell Energy Retail Limited	£7,188,416.66	£1,112,290.47	£8,300,707.13
Shell Energy UK Limited	£23,753.07	£10,428.45	£34,181.52
So Energy Trading Limited	£291.31	£22.23	£313.54
TotalEnergies Gas & Power Limited	£45,963,153.94	£356,489.79	£46,319,643.73
Utilita Energy Limited	£58,105.30	£16,137.59	£74,242.89
Valda Energy Limited	£1,219,426.37	£27.31	£1,219,453.68
<b>Total</b>	<b>£1,634,270,417.06</b>	<b>£80,733,281.24</b>	<b>£1,715,003,698.30</b>



## Appendix 3: Non-compliance by suppliers

**Figure A3.1: Late (quarterly/annual) levelisation data submissions per supplier**

Licensee	Type	Period
Rebel Energy Supply Limited	Non-FIT Licensee	Q1
Utilita Energy Limited	Mandatory FIT Licensee	Q1
Wilton Energy Limited	Non-FIT Licensee	Q1
D-Energi Trading Limited	Voluntary FIT Licensee	Q2
Equinicity Limited	Non-FIT Licensee	Q2
Home Energy Trading Limited	Non-FIT Licensee	Q2
Pozitive Energy Limited	Non-FIT Licensee	Q2
UK Power Reserve Limited	Non-FIT Licensee	Q2
Farringdon Energy Limited	Non-FIT Licensee	Q3
Octopus Energy Limited	Mandatory FIT Licensee	Q3
Vattenfall Energy Trading GmbH	Non-FIT Licensee	Q3
Vattenfall Energy Trading GmbH	Non-FIT Licensee	Q4
Affect Energy Limited	Mandatory FIT Licensee	Annual
BES Commercial Electricity Ltd	Non-FIT Licensee	Annual
Farringdon Energy Limited	Non-FIT Licensee	Annual
Ørsted Power Sales (UK) Limited	Non-FIT Licensee	Annual

**Figure A3.2: Incorrect (quarterly/annual) levelisation data submissions per supplier**

Licensee	Type	Period*
Affect Energy Limited	Mandatory FIT Licensee	Q1
British Gas Trading Limited	Mandatory FIT Licensee	Q1
Brook Green Trading Limited	Non-FIT Licensee	Q1 <b>(3x)</b>
Business Power and Gas Limited	Non-FIT Licensee	Q1 <b>(2x)</b>
Corona Energy Retail 4 Limited	Non-FIT Licensee	Q1
Delta Gas And Power Limited	Non-FIT Licensee	Q1
EDF Energy Customers Limited	Mandatory FIT Licensee	Q1 <b>(2x)</b>
Eneco Energy Trade BV	Non-FIT Licensee	Q1 <b>(3x)</b>
ESB Energy Limited	Non-FIT Licensee	Q1
Farringdon Energy Limited	Non-FIT Licensee	Q1
Flexiricity Limited	Non-FIT Licensee	Q1 <b>(2x)</b>
Fuse Energy Supply Limited	Non-FIT Licensee	Q1
Home Energy Trading Limited	Non-FIT Licensee	Q1
Maxen Power Supply Limited	Non-FIT Licensee	Q1
Opus Energy Renewables Limited	Voluntary FIT Licensee	Q1
Sefe Energy Limited	Non-FIT Licensee	Q1 <b>(2x)</b>
Squeaky Clean Energy Limited	Non-FIT Licensee	Q1 <b>(3x)</b>
Tomato Energy Limited	Non-FIT Licensee	Q1
Tru Energy Limited	Non-FIT Licensee	Q1 <b>(2x)</b>
Wilton Energy Limited	Non-FIT Licensee	Q1
Yu Energy Retail Limited	Non-FIT Licensee	Q1 <b>(2x)</b>
BGI Trading Limited	Non-FIT Licensee	Q2
Brook Green Trading Limited	Non-FIT Licensee	Q2
Coulomb Energy Supply Limited	Voluntary FIT Licensee	Q2
D-Energi Trading Limited	Non-FIT Licensee	Q2
Dodo Energy Limited	Non-FIT Licensee	Q2
EDF Energy Customers Limited	Mandatory FIT Licensee	Q2 <b>(2x)</b>
Edgware Energy Limited	Mandatory FIT Licensee	Q2
ESB Energy Limited	Non-FIT Licensee	Q2
Good Energy Limited	Voluntary FIT Licensee	Q2 <b>(2x)</b>
Regent Power Limited	Non-FIT Licensee	Q2
ScottishPower Energy Retail Limited	Mandatory FIT Licensee	Q2 <b>(2x)</b>
Sefe Energy Limited	Non-FIT Licensee	Q2 <b>(2x)</b>
Smartest Energy	Non-FIT Licensee	Q2
Tomato Energy Limited	Non-FIT Licensee	Q2

Licensee	Type	Period*
TotalEnergies Gas & Power Limited	Voluntary FIT Licensee	Q2 <b>(4x)</b>
Tru Energy Limited	Non-FIT Licensee	Q2 <b>(2x)</b>
Yu Energy Retail Limited	Non-FIT Licensee	Q2 <b>(2x)</b>
BES Commercial Electricity Limited	Non-FIT Licensee	Q3
Drax Energy Solutions Limited	Voluntary FIT Licensee	Q3
Dyce Energy Limited	Non-FIT Licensee	Q3
EDF Energy Customers Limited	Mandatory FIT Licensee	Q3 <b>(2x)</b>
ESB Energy Limited	Non-FIT Licensee	Q3
Farringdon Energy Limited	Non-FIT Licensee	Q3
Fuse Energy Supply Limited	Non-FIT Licensee	Q3
Limejump Energy Limited	Voluntary FIT Licensee	Q3
OVO (S) Electricity Limited	Mandatory FIT Licensee	Q3 <b>(2x)</b>
Tomato Energy Limited	Non-FIT Licensee	Q3
TotalEnergies Gas & Power Limited	Voluntary FIT Licensee	Q3 <b>(2x)</b>
Valda Energy Limited	Voluntary FIT Licensee	Q3
Brook Green Trading Limited	Non-FIT Licensee	Q4
Crown Gas and Power 2 Limited	Non-FIT Licensee	Q4
Drax Energy Solutions Limited	Voluntary FIT Licensee	Q4
Dyce Energy Limited	Non-FIT Licensee	Q4
EDF Energy Customers Limited	Mandatory FIT Licensee	Q4 <b>(2x)</b>
Eneco Energy Trade BV	Non-FIT Licensee	Q4
ENGIE Power Limited	Voluntary FIT Licensee	Q4 <b>(2x)</b>
ESB Energy Limited	Non-FIT Licensee	Q4
Fuse Energy Supply Limited	Non-FIT Licensee	Q4
Home Energy Trading Limited	Non-FIT Licensee	Q4
Limejump Energy Limited	Voluntary FIT Licensee	Q4
Shell Energy UK Limited	Mandatory FIT Licensee	Q4
Smartest Energy	Non-FIT Licensee	Q4
Switch Business Gas and Power Limited	Non-FIT Licensee	Q4
Tomato Energy Limited	Non-FIT Licensee	Q4
TotalEnergies Gas & Power Limited	Voluntary FIT Licensee	Q4
British Gas Trading Limited	Mandatory FIT Licensee	Annual <b>(2x)</b>
Drax Energy Solutions Limited	Voluntary FIT Licensee	Annual <b>(2x)</b>
Dyce Energy Limited	Non-FIT Licensee	Annual
Farringdon Energy Limited	Non-FIT Licensee	Annual
Flexitricity Limited	Non-FIT Licensee	Annual

Licensee	Type	Period*
Home Energy Trading Limited	Non-FIT Licensee	Annual
Limejump Energy Limited	Voluntary FIT Licensee	Annual <b>(4x)</b>
Opus Energy Limited	Voluntary FIT Licensee	Annual <b>(5x)</b>
Opus Energy Renewables Limited	Voluntary FIT Licensee	Annual <b>(5x)</b>
Pozitive Energy Limited	Voluntary FIT Licensee	Annual
Shell Energy UK Limited	Mandatory FIT Licensee	Annual <b>(2x)</b>
So Energy Trading Limited	Mandatory FIT Licensee	Annual
Tru Energy Limited	Non-FIT Licensee	Annual <b>(2x)</b>

\*Where a supplier has made more than one incorrect data submission in a period, the number is shown in brackets.

**Figure A3.3: Late levelisation payments per supplier**

Licensee	Type	Period
Delta Gas And Power Limited	Non-FIT Licensee	Q1
Home Energy Trading Limited	Non-FIT Licensee	Q1
MVV Environment Services Limited	Non-FIT Licensee	Q1
Opus Energy Limited	Voluntary FIT Licensee	Q1
Regent Power Limited	Non-FIT Licensee	Q1
Delta Gas And Power Limited	Non-FIT Licensee	Q2
Home Energy Trading Limited	Non-FIT Licensee	Q2
ESB Energy Limited	Non-FIT Licensee	Q3
Ovo Electricity Limited	Mandatory FIT Licensee	Q3
Regent Power Limited	Non-FIT Licensee	Q3
Rebel Energy Supply Limited	Non-FIT Licensee	Q4
EDF Energy Customers Limited	Mandatory FIT Licensee	Q4
ESB Energy Limited	Non-FIT Licensee	Q4
Vattenfall Energy Trading GmbH	Non-FIT Licensee	Q4
Fuse Energy Supply Limited	Non-FIT Licensee	Annual
SmartestEnergy Business Limited	Non-FIT Licensee	Annual

**Figure A3.4: Late audit reports**

Licensee	Type	Period
E.ON Next Energy Limited	Mandatory FIT Licensee	Annual

## Appendix 4: Annual Determinations

DESNZ makes determinations every year so that we can administer the scheme.<sup>64</sup> The following determinations were made for SY13, covering 1 April 2022 to 31 March 2023.

### The percentage of electricity from each technology deemed to be exported

75% for hydro and 50% for all other technology types.

### Figure A4.1: How Licensees are compensated for their administrative costs (Qualifying Costs)

Type of Licensee	Qualifying FITs costs per Generator
Large FIT Licensee (New Generator)	£25
Large FIT Licensee (Ongoing Generator)	£15
Small FIT Licensee (New Generator)	£55
Small FIT Licensee (Ongoing Generator)	£30

### The collar and cap range for mutualisation payments

For SY13, the mutualisation trigger range shall be a lower limit of £4,768,000 and a higher limit of £47,681,000.

<sup>64</sup> [Feed in Tariffs \(FITs\) determinations](https://www.gov.uk/government/publications/feed-in-tariffs-fits-determinations) <<https://www.gov.uk/government/publications/feed-in-tariffs-fits-determinations>>

## Appendix 5: Associated Documents

**Standard Conditions 33 and 34 of the Electricity Supply Licences** on the Ofgem website:

[Standard Conditions 33 and 34 of the Electricity Supply Licences](#)

<<https://epr.ofgem.gov.uk/Content/Documents/Electricity%20Supply%20Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf>>

**The Feed-in Tariffs Order (as amended)** on the legislation.gov.uk website:

[The Feed-Tariffs \(FITs\) Order](#)

<<https://www.legislation.gov.uk/uksi/2012/2782/contents>>

**The Feed-in Tariffs (Amendment) (Coronavirus) Order 2020** on the legislation.gov.uk website:

[The Feed-in Tariffs \(Amendment \(Coronavirus\) Order 2020](#)

<<https://www.legislation.gov.uk/uksi/2020/375>>

**The Feed-in Tariffs (Amendment) (Coronavirus) (No. 2) Order 2020** on the legislation.gov.uk website:

[The Feed-in Tariffs \(Amendment\) \(Coronavirus\) \(No. 2\) Order 2020](#)

<<https://www.legislation.gov.uk/uksi/2020/957>>

**The Feed-in Tariffs: Guidance for licensed electricity suppliers** on the Ofgem website:

[The Feed-in Tariffs: Guidance for licensed electricity suppliers](#)

<<https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-licensed-electricity-suppliers>>

**The Feed-in Tariffs: Guidance for renewable installations (v17)** on the Ofgem website:

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

<<https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-renewable-installations>>

**Guidance for generators: Co-location of electricity storage and hydrogen production under the RO, FIT and SEG (v5)**

[Guidance for generators: Co-location of electricity storage facilities with renewable generation supported under the Renewables Obligation or Feed-in Tariff schemes](https://www.ofgem.gov.uk/publications/guidance-generators-co-location-electricity-storage-facilities-renewable-generation-supported-under-renewables-obligation-or-feed-tariff-schemes-0)

<<https://www.ofgem.gov.uk/publications/guidance-generators-co-location-electricity-storage-facilities-renewable-generation-supported-under-renewables-obligation-or-feed-tariff-schemes-0>>



## Appendix 6: Glossary

### A

**Anaerobic Digestion (AD)** – Natural process in which micro-organisms break down organic matter (e.g., animal manure or waste food) within a contained environment. This produces biogas which can then be used as fuel to generate electricity.

**Authority** - The Gas and Electricity Markets Authority (GEMA) (the Authority) is the statutory body responsible for administering the FIT scheme in Great Britain (GB). The Authority's day-to-day functions are performed by Ofgem, the office of the Authority.

### B

**Biennial Meter Read Verification (BMV)** – Inspection of an accredited FIT installation's meter readings to verify that the amount of electricity generated and exported is accurate, conducted every two years.

### C

**Central FIT Register (CFR)** – A database of all accredited FIT installations managed by Ofgem.

**Combined Heat and Power (CHP)** – The process of capturing and using heat which is created as a by-product of the electricity generation process.

**Control for Low Carbon Levies** – Replaces the Levy Control Framework (LCF) and monitors the costs of low carbon electricity schemes (including FIT), providing a forecast of total scheme costs. 'The Control' sets out there will be no new low carbon electricity levies until the burden of such costs on electricity bills is falling.

### D

**Deemed Export** – The proportion of electricity considered to have been exported by installations without export metering. The proportion is set annually as a percentage of the electricity generated.

**Declared Net Capacity (DNC)** – The maximum capacity an installation can be operated at over a sustained period without damaging it (assuming the source of power used by it to generate electricity was available to it without interruption) minus the amount of electricity that is consumed by the installation.

**DESNZ** – Department for Energy Security and Net Zero (DESNZ) is responsible for FIT policy in Great Britain.

### E

**Energy Intensive Industries (EII)** – Industries which consume large amounts of energy in their industrial processes.

**Eligibility Date** – The eligibility date is the date from which FIT payments commence and the FIT generation tariff is assigned.

**Eligibility period** – The maximum period during which a FIT Generator can receive FIT Payments for a particular Eligible Installation, as set out in the table at Annex 1 of Schedule A to Standard Condition 33 of the Electricity Supply Licence.

### F

**FIT Generator** – Is the owner of an eligible FIT installation.

**FIT Licensee** – A licenced electricity supplier participating in the FIT scheme.

### G

**GEMA** – The Gas and Electricity Markets Authority (GEMA) (the Authority) is the statutory body responsible for administering the FIT scheme in Great Britain (GB). The Authority's day-to-day functions are performed by Ofgem, the office of the Authority.

**Guarantees of Origin (GoOs)** – GoOs label electricity from renewable sources to provide information to electricity customers on the source of their energy. They are used by suppliers for Fuel Mix Disclosure compliance to show how much renewable electricity they have supplied in the previous year. GoOs are also used by suppliers to exempt themselves from some of their FIT costs via the FIT levelisation process. GoOs may be issued by any EU member state – the UK version of GoOs are called Renewable Energy Guarantees of Origin (REGOs).

**GW** – Gigawatt, equal to one billion watts.

**GWh** – Gigawatt hour, equivalent to one billion watt hours of electricity output.

### K

**kW** – Kilowatt, equal to one thousand watts.

**kWh** – Kilowatt hour, equivalent to one thousand watt hours of electricity output.

**L**

**Levelisation** – The mechanism by which the total cost of the FIT scheme is shared across licensed electricity suppliers. The cost is allocated between suppliers in proportion to their share of the electricity supply market of Great Britain, whilst taking into account any FIT contribution they have already made.

**Levelisation fund** – The total combined cost of the scheme to licensed electricity suppliers.

**M**

**Mandatory Licensee** – Licensed Electricity suppliers with 250,000 or more domestic customers that are obligated to register and make payments to eligible Generators under the FIT scheme.

**MCS** – The MCS (Microgeneration Certification Scheme) is a certification scheme for microgeneration installation companies, products and installations. It defines and maintains consistent standards, providing confidence to consumers who wish to invest in small-scale technologies that produce electricity and heat from renewable sources.

**MCS-FIT** – Refers to the accreditation pathway for solar photovoltaic (PV) and wind installations with a Declared Net Capacity (DNC) of 50kW or less, and micro-CHP installations.

**Metered export** – The amount of renewable electricity exported from an eligible FIT installation, recorded by a meter capable of taking half-hourly measurements.

**Micro-CHP** – Micro combined heat and power (Micro-CHP) is a technology that generates heat and electricity simultaneously, from the same energy source, in individual homes or buildings.

**Micro installation/generation** – The terms for installations, or energy generation from installations with a declared net capacity (DNC) of 50kW or less.

**Mutualisation** – A mechanism to prevent excessive shortfalls in the levelisation fund in the event of a supplier or suppliers being unable to make some or all of their levelisation payments. If triggered, suppliers who have made periodic levelisation payments are required to make additional payments. These are redistributed to suppliers in proportion to their share of the electricity supply market of Great Britain, whilst taking into account any FIT contribution they have already made.

**MW** – Megawatt, equal to one million watts.

**MWh** – Megawatt hour, equivalent to one million watt hours of electricity output.

## P

**Preliminary accreditation** – A mechanism for prospective FIT Generators, giving increased security with regard to tariff rates and eligibility prior to commissioning.

## R

**Renewables and CHP Register (R&CHP Register) (The Register)** – A web-based system used to manage several schemes that we administer on behalf of government, including the ROO-FIT application process.

**ROO-FIT** – Refers to the accreditation pathway for a solar photovoltaic (PV) or wind installations with a Declared Net Capacity (DNC) above 50kW and all hydro and anaerobic digestion (AD) installations.

## S

**SPR** – The Supplier Performance Report (SPR) documents incidents where energy suppliers have not complied with their obligations under the environmental, energy efficiency and social programmes Ofgem administers on behalf of the government.

**System Sell Price (SSP)** – The price that parties receive to settle the difference between contracted generation or consumption and the amount that was actually generated or consumed.

## T

**Total Installed Capacity (TIC)** – The maximum capacity an installation can be operated at over a sustained period without damaging it (assuming the source of power used by it to generate electricity was available to it without interruption).

**Total scheme cost** – It is the total cost of the scheme calculated by adding Ofgem's administration costs to the value of the levelisation fund.

**TW** – Terawatt, equal to one trillion watts.

**TWh** – Terawatt hour, equivalent to one trillion watt hours of electricity output.

## V

**Value of the scheme** – The total value of the FIT scheme calculated by adding the value of all generation and export payments to FIT Licensees qualifying costs.

**Voluntary FIT Licensee** – A Licensee which is not a Mandatory FIT Licensee but volunteers to participate by registering and making payments to eligible Generators under the FIT scheme.