

Licensed Electricity Suppliers
and other interested parties

*Promoting choice and value for
all gas and electricity customers*

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Dear Suppliers

Ofgem guidance in complying with Feed-In Tariff (FIT) obligations.

Further to my letter of 11 March 2010, I would like to confirm that we are today publishing for consultation a draft of the FIT Guidance Document for Licensed Electricity Suppliers. Please note that the consultation period for this document runs beyond 1 April 2010 (the date when the scheme commences). We are therefore sending this letter to provide guidance on how suppliers are to fulfil their obligations in relation to the FITs scheme for the period from 1 April 2010 until the final Guidance Document is published in May 2010.

Suppliers are required to comply with their obligations under the new Standard Licence Conditions 33 and 34 from 1 April 2010 (when they are expected to come into force). Compliance is the responsibility of each individual licensee and all licensees will need to take due account of the guidance provided by Ofgem in both Attachment A of this letter and in the Guidance Document once finalised and published in May 2010. This letter and attachment does not offer an exhaustive list of all FIT obligations on Licensees under the Standard Licence Conditions and FIT Order from 1 April 2010. The absence of the finalised Guidance Document does not diminish the obligations on Licensees.

If you have any queries in relation to this letter please contact Jonah Anthony on jonah.anthony@ofgem.gov.uk.

Yours Sincerely,

Matthew Harnack
Head of New Scheme Development

Attachment A

Guidance for Licensees on meeting FIT Obligations from 1 April 2010

Legal Framework

Proposals for modifying the Standard Conditions of Electricity Supply Licences ("SLCs") were laid before Parliament on 8 February 2010. The Feed-in Tariff (Specified Maximum Capacity and Functions) Order 2010 ("FIT Order") was laid in Parliament on 9 March 2010. If not withdrawn, both will take effect from 1 April 2010.

The new Section C to the SLCs requires Licenced Electricity Suppliers (Licensees) to comply with standard condition 33 and 34, and including the Schedule to Section C. The FIT Order provides further details on eligibility of generators, levelisation payments to and by suppliers and the role of Ofgem under the FIT scheme.

Compliance with legislation from 1 April 2010

All suppliers will be required to comply with their obligations under the SLCs and FIT Order from 1 April 2010. Compliance is the responsibility of each individual licensee and all licensees will need to take due account of the guidance provided by Ofgem in both this letter and in the Guidance Document once finalised and published in May 2010. This letter does not offer an exhaustive list of all FIT obligations on Licensees under the SLCs and FIT Order from 1 April 2010. The absence of the finalised Guidance Document does not diminish the obligations on Licensees.

The Central FIT Register

Under the FITs legislation, Ofgem is required to establish and maintain a Central FIT Register. The Central FIT Register will form part of Ofgem's Renewables & CHP Register. The data to be placed on the Central FIT Register will include data on generators, nominated recipients, suppliers and installations. The Register will be used primarily by FITs Licensees and ourselves for the proper administration of the scheme. In addition to these primary parties, third parties who play a role in administering the FITs may be given access rights as well, including the Department of Energy and Climate Change ("DECC") and the Microgeneration Certification Scheme ("MCS"). In addition, Ofgem has a statutory obligation to publish certain aggregated statistical information from the Central FIT Register.

The Central FIT Register will be maintained by Ofgem in accordance with the Data Protection Principles under the Data Protection Act 1998. We will be issuing Licensees who will have access to the Register with terms and conditions of use of the Register. These will enshrine the principles of confidentiality which are to be upheld by all parties at all times, prescribe limits on the purposes for what data can be used and detail the obligations of participating parties as to accuracy of data submitted, updating entries, correcting errors and combating fraud. We will provide Licensees with a copy of these terms and conditions shortly.

Registering as a FIT Licensee

As provided for in the Energy Act 2008 and Licence Conditions, only Licensed Electricity Suppliers are able to become FIT Licensees.

Any Licensees who supplies electricity to at least 50,000 domestic customers as at 31 December 2009 will be a "Mandatory FIT Licensee" for the period from 1 April 2010 to 31 March 2011. From 1 April 2010 all suppliers will therefore need to be clear about their status under the FIT Scheme. A Licensee that is not a "Mandatory FIT Licensee" can elect to participate in the FIT Scheme and is then designated as a "Voluntary FIT Licensees". Mandatory FIT Licensees and Voluntary FIT Licensees are collectively known as "FIT Licensees".

Before a FIT Licensee can register individual applicants onto the Central FIT Register it must first notify Ofgem that it will be a Mandatory FIT Licensee or is electing to become a Voluntary FIT Licensee. Under the Licence Modification, all Licensees are required to make "FIT Notifications" to Ofgem on or before 14 February in each year to confirm whether they are Mandatory FIT Licensees, Voluntary FIT Licensees or neither by reference to their status as at 31 December of the calendar year prior to the FIT Year in question. In FIT Year 1, however, the FIT Notification must be submitted on or before 30 June 2010 by reference to the Licensee's status as at 1 April 2010 (the "Year 1 FIT Notification").

Licensees who are either Mandatory FIT Licensees or who wish to be registered as Voluntary FITs Licensees from the 1 April 2010 should reply to this letter by writing to the FIT Compliance Manager (details below) as soon as possible and no later than 12pm on 31 March 2010, confirming its status as a Mandatory FIT Licensee, or its decision to elect to become a Voluntary FIT Licensee, from 1 April 2010. Licensees who wish to become Voluntary FITs Licensees on a date after the 1 April 2010, but before the Guidance Document has been finalised, should also write to the FIT Compliance Manager. All notifications should:

- be signed by an authorised representative of the company;
- list the full name and registered address of the supply licence in question;
- list the names, business addresses, telephone numbers and email addresses of staff to be given initial access to the licensee's account on the Central FIT Register; and
- be on company letterhead.

Notifications should be sent to:

FIT Compliance Manager
Renewables & CHP Team
Ofgem
9 Milbank
London
SW1P 3GE

Once this notification is received Ofgem will set up the necessary user accounts on the Central FIT Register.

The Licensee's status as at scheme commencement will be updated once the Year 1 FIT Notification has been received and this will then be the registered status of the Licensee from 1 July 2010 to 31 March 2011. Ofgem will publish this status on our website.

Mandatory FIT Licensees and Voluntary FIT Licensees should note that they are required by the SLCs to publish their status as a FIT Licensee in a manner that makes this information easily accessible to the public. FIT Licensees must therefore make their own arrangements for publication in addition to anything that may be published by Ofgem.

Registering Installations

FIT Licensees are expected to accept and begin the registration process for FIT Applicants from 1 April 2010. They should undertake the necessary verification and eligibility check as is required by the SLCs and FIT Order. They are expected to register installations on the Central FIT Register as soon as possible after receiving a request from a FIT Applicant to register for FITs.

Receipt by a FIT Licensee of a FIT Generator's written request means the receipt by the FIT Licensee of a submission by an applicant which includes details of the applicant's MCS certification, RO accreditation or ROO-FIT accreditation, initial meter readings (generation and export if applicable), as well as the basic information about the applicant (name, address, contact details).

Once an installation is fully registered, the FIT Licensee is required to make FIT Payments to FIT Generators or Nominated Recipients where applicable for generation accrued from the "Eligibility Date". The Eligibility Date for the majority of newly commissioned installations will be the date on which a FIT Generator's written request for ROO-FIT Accreditation is received by Ofgem or on which a FIT Generator's written request for MCS-certified Registration is received by the FIT Licensee. Installations commissioned on and after the 15 July 2009 and before 1 April and which have not been accredited under the RO should be treated as if they were installed from the 1 April. Installations accredited under the RO will receive an eligibility date of 1 April 2010.

The eligibility date for FIT applicants with RO or ROO-FIT accreditation will be determined by Ofgem and be stated both on the Central FIT Register and in the RO migration or ROO-FIT accreditation letter.

In all cases a generation meter reading will be a prerequisite for eligibility for FIT Payments and for registration onto the Central FIT Register. Any installation which does not have a generation meter that meets the required metering legislation may have their application declined until such a time as the necessary metering requirements have been met. The installation of an approved export meter is not a prerequisite for FIT accreditation and registration, but FIT export payments can only be paid out once an approved export meter has been installed and its details (including initial reading) have been captured by the Central FIT Register. The exception to this rule is in those cases where deeming is permitted. For Eligible Installations which have a total installed capacity of 30kW or below, they must utilise an export meter if one is available. However for installations with a capacity of 30kW or below, where an export meter is not available, then FIT Export Payments may be deemed at the rate set out in the FIT Order.

Verifying information

FIT Licensees must take all reasonable steps to verify the information given to them by a FIT applicant and are encouraged to put in place measures described in the draft FIT Guidance Document for Licensed Electricity Suppliers. This includes verifying name and address of the applicant, ownership of the installation and details of the installations relevant to registration and eligibility. FIT Licensees are required to utilise the functions available on the Central FIT Register to check for duplications before registering an Eligible Installation.

With regards to MCS certified registration, FIT Licensees are required to satisfy themselves that the installation in question is MCS certified and verify the certification number and

installation against the details held on the MCS database. If any of the installation details cannot be reconciled with what has been stated in the MCS database, then further clarity or documentation should be requested from the generator before the supplier continues with the registration process. If the inconsistency remains after the FIT Licensee has clarified the issue, then the generator should be directed to contact their MCS installer to resolve the anomaly.

For non MCS installations FIT Licensees are required to satisfy themselves that the installation in question is ROO-FIT or RO accredited. If presented with an RO migration letter, the supplier will not need to undertake any initial verification. If the Licensee confirms to the generator that it will act as its FIT Licensee, the generator should then be directed to contact Ofgem (as instructed in their migration letter) for registration onto the Central FIT Register. Once this process has been completed Ofgem will notify both the generator and FIT Licensee and issue a Confirmation letter. If the Licensee disputes that it has agreed to act as the FIT Licensee then it should notify Ofgem's Central FIT Register Assistant Manager.

If presented with a ROO-FIT accreditation letter, the supplier is required to check, via the Central FIT Register, that the details provided are correct before completing the FIT registration process. If any anomalies exist between the information provided by the applicant and the information held on the Renewable and CHP Register or Central FIT Register, then the supplier is expected to stop the registration process and explain to the FIT Generator that an anomaly has been found. FIT Licensees are required to attempt to resolve any such issue quickly, and where possible through updating the Central FIT Register. If this cannot be done, then generators should be instructed to contact Ofgem in order to resolve the anomaly.

Ending an application

We recognise there will be some instances where a formal submission has been made but the application cannot be completed because generators have yet to provide all relevant details or the supplier cannot verify the information that has been provided (for example if the generator does not provide sufficient proof of identification or address). In these circumstances, where a submission remains incomplete, the FIT Licensee will be entitled to discontinue the application process after ten working days of a formal submission having been made. If the application is discontinued the FIT Licensee is required to notify Ofgem by writing to the FIT Compliance Manager (details as above). On discontinuing the application the FIT Licensee is required to write to the applicant, explain the reason why the application is being ended and explain how the applicant can appeal against the decision which has been taken. The first stage of any such appeal should be dealt with internally by the Licensee.

Statement of FIT Terms

In accordance with the provisions of the SLCs, FIT Licensees are required to take all reasonable steps to agree a Statement of FIT Terms with a FIT Generator of a registered FIT Installation within ten working days of the Confirmation Date (the date Ofgem confirms that the Eligible Installation has been accepted on the Central FIT Register). In Order to facilitate the fulfilling of this obligation, Ofgem would expect the FIT Licensee to have agreed a provisional Statement of FIT Terms with the FIT Generator or to have provided its standard Statement of FIT Terms to the FIT Generator before registration has been completed. The Licensee is expected to explain key elements of the Statement of FIT Terms, including obligations on the generator with regards to agreeing declarations, providing information and deciding payment terms. Following receipt of the Confirmation

Date the FIT Licensee should not delay in informing the FIT Generator of the confirmation and is required to provide the FIT Generator with the completed Statement of FIT Terms in writing. In addition the FIT Licensee is required to agree with the FIT Generator that it is content to proceed on the basis of the Statement of FIT Terms, either verbally (e.g. for applications made over the phone) or in writing (e.g. in an on-line application). If a FIT Generator and FIT Licensee can not agree a Statement of FIT Terms then the FIT Licensee should not begin FIT Payments.

The Statement of FIT Terms is required to:

- i) be provided in writing,
- ii) include the Principal FIT Terms (as detailed in Schedule A to standard condition 33 of the electricity supply licence - Section B, Heading 6 "Statement of FIT Terms"), and
- iii) take due account of this open letter and any guidance produced by industry.

In addition the Statement of FIT Terms must include the following terms:

- i) A term which states that the information provided by the FIT Generator or Nominated Recipient can be used for the purpose of administering, reporting and auditing the FIT Scheme by the FIT Licensee and Ofgem.
- ii) A term specifically for FIT Generators with Eligible Installations installed off-grid, which requires them to make the following declaration: "I hereby declare that it is my intention to use any and all electricity generated by my FIT Installation and that I fully understand that any electricity generated but not so used will not be eligible for FIT payments."
- iii) A term which requires FIT Generators to notify the FIT Licensee of any installations, including any extensions, which may affect the eligibility and capacity calculation of an Eligible Installation.
- iv) A term requiring the FIT Generator or Nominated Recipient to make a declaration that the information they provide is complete and accurate.
- v) A term requiring meters to be located in an accessible location where possible, and for access to be made available to the FIT Licensee or its contractor for meter readings.

Failure to agree a Statement of FIT Terms

In order to minimise the potential of the Statement of FIT Terms being rejected by the FIT Generator after FIT registration has taken place, suppliers are encouraged to keep to the industry agreed standard template when produced, take note of the guidance provided above and look to provisionally agree key terms before the registration process takes place.

If a generator and the supplier can not agree the Statement of FIT Terms with ten working days then the supplier may decide to discontinue the registration process (the generator

can discontinue registration at any time before the Statement of FIT Terms is agreed). If the application is discontinued the FIT Licensee is required to notify Ofgem. This notification should be sent to Ofgem's Central FIT Register Assistant Manager and clearly state the address and MCS/ROO-FIT number of the installation (at the address on page 3). On discontinuing the registration process the FIT Licensee is required to write to the applicant, explain the reason why the application is being discontinued and explain how the applicant can make a complaint against the decision to discontinue the registration. The first stage of any such complaint appeal should be dealt with internally by the FIT Licensee.

The discontinuation of the application should not change the Eligible Installation's entry on the Central FIT Register except that it should be updated by the FIT Licensee to reflect the fact that it is no longer acting on behalf of that Eligible Installation. The FIT Licensee is required to update the Central FIT Register as soon as is practical. Once the Central FIT Register has been updated, the FIT Generator will be able to switch to an alternative FIT Licensee. The Eligibility Date for this installation will remain the same and payments may be accrued from it.

If a FIT Generator wishes to discontinue the registration process with a FIT Licensee it should be able to do so at any time before the Statement of FIT Terms has been agreed. In this circumstance, the FIT Generator should notify in writing the FIT Licensee of its decision to discontinue the registration process and write to the Central FIT Register Assistant Manager (at the address on page 3). The discontinuation of the application should not change the Eligible Installation's entry on the Central FIT Register except that it should be updated by the FIT Licensee to reflect that it no longer acting on behalf of that Eligible Installation.