

23 March 2010

Dear Sir/Madam

Introduction of the Feed-In Tariff scheme and transition from the Renewables Obligation

I am writing to you in respect of the attached policy letter¹ from the Department of Energy and Climate Change (DECC). Given that your generating station is currently accredited under the Renewables Obligation (RO), you may be eligible to receive support under the new Feed-In Tariff (FITs) scheme that is due to take effect from 1 April 2010.

Proposed changes to RO legislation mean that any renewable electricity generated by solar photovoltaic, wind, hydro or anaerobic digestion installations on or after 1 April will not be eligible to receive support under the RO. Hence, from 1 April onwards, FITs will provide support for the renewable electricity that is generated by such installations.

Should you wish your installation to be put forward for accreditation under FITs, you will need to undertake the following steps:

Step 1

You will need to appoint a FITs licensee who will be responsible for, amongst other things, making payments to you once you and they have agreed to a "Statement of FIT Terms". For further information on how to do this and the FITs scheme in general, please contact the Energy Saving Trust on 0800 512 012 or visit their website at www.energysavingtrust.org.uk. In addition to this, you may also want to contact your current electricity supplier to see if they intend to offer FITs.

Step 2

In accordance with proposed FITs legislation, you will need to notify us that you wish your renewable installation to be accredited under the scheme. You will also need to inform us of which FITs licensee you have nominated. In order to do this, you should complete the notification and information schedule at Appendix 2 of this letter.

This schedule also asks you for some further information which is relevant to the FITs scheme and may not have been required or captured when you applied under the RO. In particular, we ask for some information relating to any grants that may have been awarded in respect of your renewable installation. In accordance with the grants criteria set out in DECC's letter, we will need to take account of this information when determining eligibility under FITs. Your new FIT licensee may also need some of these details, especially the starting generation and export meter readings.

Once we have received this information it will be reviewed and, assuming the grant prohibitions do not apply to you, we will withdraw your RO accreditation and accredit your

¹ See Appendix 1

installation under the new scheme. We will also notify your nominated FITs licensee that your installation has been accredited. Please note that until a "Statement of FIT Terms" has been agreed to by you and your nominated FIT Licensee, the licensee is not obliged to make any FIT payments to you.

It is very important to note that, should you wish your installation to be accredited under FITS, you must complete and return the notification and information schedule and return it to us by no later than **1 October 2010**.

ROO-FIT Migration and Data Protection and the Central FIT Register

Under the FITs legislation, we are required to establish and maintain a Central FIT Register. The data to be placed on the register will include data on generators and installations. The register will be used primarily by FITs licensees and us for the proper administration of the scheme.

The Central FIT Register will be maintained by Ofgem in accordance with the Data Protection Principles under the Data Protection Act 1998. Any parties who will have access to the register will be required to abide by strict principles of confidentiality which will be upheld and enforced at all times.

Should you opt to transfer from the RO to FITs, then we propose to use the information previously submitted by you, as well as the additional information you will be providing in response to this letter, for the purposes of undertaking your accreditation. Our view is that such use is compatible with the purpose for which the data was originally submitted i.e. for the RO. However, in order to be certain that you are comfortable with this, the additional information request asks that you confirm this.

Accreditations under other renewable schemes

As an accredited generator, you will have an account on the Renewables and CHP register (the "register"). Your RO accreditation will be migrated to a new IT system but you will still be able to access your register account for the purposes of claiming other renewable certificates such as Renewable Energy Guarantees of Origin (REGOs) or Levy Exemption Certificates (LECs), if appropriate. The login details for this account will not change.

Please remember that you will still be eligible to claim and receive RO support for generation that occurred up to and including 31 March 2010. With this in mind, you should submit your monthly or annual output data in the usual fashion for this generation, within the statutory two month deadline. For example, submissions for annual generation that occurred during 2009/10 should be submitted by 31 May 2010 at the latest.

Please be mindful of the fact that if you have very recently applied under the RO, it is unlikely that you will have generated enough renewable electricity to claim one Renewable Obligation Certificate (ROC). In essence, this means that you will need to have generated at least 500 kilowatt hours between the date you applied and 31 March 2010 if you are to claim one ROC. If this is not the case, you will not need to submit annual readings for the purposes of claiming under the RO.

Yours sincerely

Luke Hargreaves
Head of Renewables and CHP

Appendix 1

Transition from the Renewables Obligation (RO) to Feed-In Tariffs (FITs) for microgenerators 50kW or less

The Government is introducing a system of feed-in tariffs (FITs) for small-scale low-carbon electricity generation from 1 April 2010. FITs are a per-unit support payment made directly to generators by electricity suppliers.

We intend that FITs will replace the RO as far as possible as the financial support mechanism for microgeneration (with a declared net capacity 50 kW or less) in Great Britain.

FITs will complement the RO by providing the simplicity and certainty needed to support householders, communities and businesses involved in small-scale generation. Installations with a capacity of 5MW or less will be eligible for FITs. Whereas the level of reward under the RO is exposed to fluctuations in the value of Renewables Obligation Certificates (ROCs), FITs will guarantee a fixed level of reward for each unit of electricity you generate, for as long as you are eligible to receive support. Proposals for the design and operation of the FITs scheme, and changes to the RO, were published in the Consultation on Renewable Electricity Financial Incentives on 15 July 2009. Following the close of the consultation on 15 October, we published two separate Government Responses:

- the Government Response on the Renewables Obligation, published on 18 December, which set out our decisions on the transitional arrangements as they affect the RO; and
- the Feed-In Tariffs: Government's Response to the Summer 2009 Consultation, published on 1 February, which set out the remaining decisions in relation to the treatment of generators under FITs.

The consultation document and both Government Responses can be found on the DECC website at:

http://decc.gov.uk/en/content/cms/consultations/elec_financial/elec_financial.aspx

The FITs scheme will be implemented by amendments to electricity supply licences, and legislation setting out the functions and duties of Ofgem and the Secretary of State under the scheme, both of which are currently before Parliament. Subject to Parliamentary approval and any European state aids and technical standards approvals, FITs will come into force on 1 April 2010. In addition, amendments to the Renewables Obligation Order 2009 (also due to come into force on 1 April) are currently before Parliament. These amendments will prohibit the issue of ROCs to microgenerators in technologies eligible for FITs.

This letter sets out how these changes will affect you as an existing microgenerator with an accreditation or pending application under the RO, and **the steps you will**

need to take to receive support for the electricity you generate through the FITs scheme.

Microgenerators in technologies covered by FITs (anaerobic digestion; hydro; solar photovoltaic (PV); wind) will no longer be eligible to receive ROCs as of 1 April 2010, and will instead be eligible to receive support through the FITs scheme when it starts. You will need to notify Ofgem that you wish to be accredited under the FITs scheme within 6 months of the start of the scheme (i.e. by 1 October 2010). You will also need to contact an electricity supplier to inform them that you wish to receive FITs so they can undertake the necessary registration processes.

FITs payments will consist of two elements: a generation tariff, which differs by technology type and scale, and will be paid for each kilowatt hour (kWh) of electricity generated and metered, and a separate export tariff for each kWh exported to the grid. For microgenerators under 30 kW the payment of export tariffs may be based on estimated (deemed) quantities of exported electricity.

Microgenerators commissioned before 15 July 2009

Microgenerators that commissioned before 15 July 2009 and are accredited under the RO will receive a generation tariff of 9p/kWh, and will continue receiving support until 31 March 2027. This is an equivalent level and duration of support as these microgenerators would have expected to receive when they applied for accreditation under the RO. All tariffs, including the 9p transfer tariff, will be adjusted each year for changes in the Retail Prices Index.

The RO transfer tariff is only available to installations commissioned before 15 July 2009, and there is no requirement to pay back any grants received to access the RO transfer tariff.

Microgenerators commissioned on or after 15 July 2009

Microgenerators that commissioned on or after 15 July 2009, the date of publication of the proposals for FITs, and are accredited under the RO will receive the appropriate generation tariff for their scale and technology, and will receive support for 20 years (25 years for solar PV).

Non-residential property microgenerators that commissioned on or after 15 July 2009 and are accredited under the RO (and will therefore transfer to FITs at the relevant tariff for new generators) will have to repay their grant should they choose to access support through FITs. Depending on the FITs scheme's final status in relation to state aids, non-residential property microgenerators in this category that have received other grants from public funds, apart from the LCBP scheme, may also have to pay these back in order to be eligible for FITs. DECC will ensure that its website (www.decc.gov.uk/fits) is updated with any new information as it becomes available. Grants awarded in respect of installations on residential properties through the Low Carbon Buildings Programme (LCBP) Phase 1 will not need to be paid back in order to access support through FITs, regardless of when the generator in question commissioned and accredited under the RO.

Further details can be found on the FITs pages of the DECC website (www.decc.gov.uk/fits), by clicking on the link in the left-hand menu to 'Feed-In Tariffs (FITs) and the Low Carbon Buildings Programme'.

The accompanying letter from Ofgem provides further details on the process for this transition from the RO to FITs, as well as details of who to contact with any queries you may have.

RFI team, DECC

Appendix 2

Request for FITs accreditation

Made in anticipation of the requirements and obligations to be introduced by the Renewables Obligation (Amendment) Order 2010 and the Feed-in Tariffs (Specified Maximum Capacity and Functions of the Authority) Order 2010

Name of generating station.....

Renewables Obligation accreditation code.....R

1. I am the owner/operator of the above generating station or the person entitled to receive the financial incentives for the above generating station and request that the above generating station be considered for accreditation under the Feed-In Tariff scheme.
2. I hereby further confirm that I fully understand that renewable electricity generated by the above generating station will no longer be eligible for Renewable Obligation Certificates (ROCs) if such electricity is generated on or after 1 April 2010.
3. I hereby further declare that the details of the nominated recipient² for the purposes of the Feed-In Tariffs scheme are as follows:
.....
.....
.....
.....
4. Finally, I hereby declare that I am authorised to make this notification

Name of generator (print):

Name of generator (signature):

Date:

Telephone:

Email:

² This is the person that will receive payments in respect of the FITs scheme which could be yourself or another party.

Additional information for FITs

Please check the following information (where populated) and fill in any missing information, ticking the appropriate brackets as necessary:

- a) Name of RO generating station:
- b) RO accreditation ID:
- c) Generator's email address (if you have one):
- d) Date on which your renewable installation commissioned i.e. first produced renewable electricity:
- e) Which category best describes your renewable installation:
- 1) Domestic Yes []
 - 2) Commercial Yes []
 - 3) Industrial Yes []
 - 4) Community Yes []
- f) Is your renewable
installation and property off-grid i.e. you do not have a connection to the grid? Yes [] No []
- g) Import MPAN³(s) (if applicable):
- h) Export MPAN(s) (if applicable):
- i) Generation meter serial number(s):
- j) For a PV installation that is less than or equal to 4kW is it:
- 1) "Retrofit" (added to the property after it was built) Yes [] N/A []
 - 2) "New build" (part of the property when it was built) Yes [] N/A []
 - 3) "Standalone"
"e" (stands separately from any buildings) Yes [] N/A []
- k) Have you ever received a grant in respect of your installation? Yes [] No []
- l) If "Yes":
- 1) What was the name of the grant?

³ MPAN means Meter Point Administration Number and is a 21 digit number used to identify electricity supply or export points. You should be able to find your import MPAN on your electricity bill, usually on the back of it. If you are unable to find it, your current electricity supplier will be able to tell you.

- 2) On what date was the grant made?
3) Has it been repaid? Yes [] No []

m) Company name of your nominated FITs licensee i.e. once you have appointed one:

n) Generation meter reading(s) for 1st April 2010⁴ (in kilowatt hours (kWh)):

o) Export meter reading(s) for 1st April 2010 (in kilowatt hours (kWh)):

p) If you have an export meter do you wish to⁵:

- 1) Receive the guaranteed export reward of 3p/kWh? Yes [] No []
2) Negotiate your own export rate with a power purchaser? Yes [] No []

q) I hereby confirm that I consent to all information and data that may have been provided by me directly or through my agent for the purposes of the Renewables Obligation Order as well as the additional information provided above can be used by Ofgem for the purposes of accrediting me for the FITs scheme, and for its further use in the on-going administration of the scheme and for any related purposes, provided such use is compatible with the requirements of the Data Protection Act 1998.

Name of generator (print):

Name of generator (signature):

Date:

Please send this request and additional information by **1 October 2010** to:

Post: RO2FIT Administrator, Renewables and CHP, Ofgem, 1st Floor, 9 Millbank, London, SW1P 3GE, or

Email: a signed PDF version to RO2FIT@ofgem.gov.uk, or

Fax: 0207 901 7387

⁴ Or as close to 1 April post this date.

⁵ You will be able to decide this when you have spoken to a FITs licensee.