

19 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 awaiting accreditation 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, as the operator of a generating station with a declared net capacity of between 50 kilowatts and 5 megawatts that has been granted RO accreditation on or after 15 July 2009, you have the choice of moving from the RO to the FITs scheme.

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 Carbon Trust on 0800 085 2005, if you have a commercial renewable installation. If your installation is domestic please contact the Energy Saving Trust on 0800 512 012 or 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

As set out in the proposed RO legislation, you will need to make a notification² to us that you wish to move from RO to FITs.

If you notify us of your desire to change schemes by 1 April 2010, you will be eligible to receive FITs payments from this date. If you notify us of your desire to change schemes by 31 August 2010, you will be eligible to receive FITs payments from 1 April 2011.

It is important to note that, once we have received this notification, it cannot be withdrawn and you cannot revert back to receiving support under the RO again. In addition, if we do not receive the notification by 31 August 2010, you will remain in the RO scheme and not have the option to move to FITs. We will contact you within 10 working days of receiving

¹ See Appendix 1

² See Appendix 2

this notification and so if you do not hear from us within three weeks of sending it, please get in touch.

Step 3

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 3 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 and that you wish to move to FITs, we will withdraw your RO accreditation and accredit your 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"). If you elect to move to FITs, 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 able 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 output data in the usual fashion for this generation, within the statutory two

month deadline. For example, submissions for generation that occurred during March 2010 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 readings for the purposes of claiming under the RO.

Should you wish not to elect for the FITs scheme, you should continue to make your monthly RO submissions as per usual.

Yours sincerely

Luke Hargreaves
Head of Renewables and CHP

Appendix 1

Introduction of the Feed-In Tariffs (FITs) scheme for small-scale low-carbon electricity

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.

The Renewables Obligation (RO) has been successful at supporting renewable electricity generation to date, but we recognise that it is better suited to investment from professional energy companies in larger-scale renewables projects. We are therefore introducing FITs to complement the RO by providing the simplicity and income-certainty needed to support householders, communities and businesses involved in small-scale generation.

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 function 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, which amend the RO to make provision for the introduction of the FITs scheme.

This letter sets out how these changes will affect you as an existing small generator (i.e. with a declared net capacity above 50kW up to 5MW) and the arrangements which will apply should you wish to receive support through the FITs scheme instead of the RO.

As a small generator who has an accreditation or pending application under the RO that is dated on or after 15 July 2009 i.e. when the proposals for FITs were published, you have a choice of transferring to the FITs scheme or remaining within the RO. Should you wish to transfer to the FITs scheme, there is a window of opportunity of five months from when the FITs scheme comes into force during which you must notify Ofgem (if you have not done so beforehand) of your intention to transfer to the FITs scheme. Once accepted by Ofgem in writing the notification cannot be withdrawn.

Where the FITs scheme comes into force on 1 April 2010 generators who notify Ofgem before that date will transfer to FITs from the start of the scheme. Generators who notify Ofgem of their intention to transfer to FITs between 1 April 2010 and 31 August 2010 will transfer to FITs with effect from 1 April 2011. The reason for the deadline of 31 August is so that the calculation of the level of the RO for the 2011/12 obligation period – which we are required to announce on 1 October 2010 – can take account of any small generators moving out of the RO in order to get support through FITs.

Unless you notify Ofgem of your intention to transfer to FITs you will remain in the RO.

Any small generators electing to transfer to FITs will receive the generation tariff appropriate to their scale and technology, but the duration of their support will be reduced to reflect the fact that they will already have received support through the RO. In order to reduce the administrative complexity, a standard 6-month reduction of support will be applied to all generators who join FITs from the start of the scheme, and a standard 18-month reduction of support will be applied to all generators who join FITs from 1 April 2011.

Since FITs are being introduced to provide ongoing revenue to offset capital costs, we need to ensure that generators who have received grants to assist with capital costs are not being overcompensated. For this reason, any generator who has received a grant from public funds will have to repay this in order to be eligible for FITs payments. Further details on this requirement 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'.

In order to receive support through FITs, you will need to find a supplier to make your FITs payments and notify their identity to Ofgem. You should do this on or before 1 October.

In deciding whether you wish to transfer to FITs you will need to take account of the differences between the two schemes and consider which is better suited to your own circumstances. For example, under the RO generators need to find buyers for their ROCs and the value of a ROC can go up or down, whereas under FITs generators receive a fixed payment per unit of electricity made directly to them by suppliers. Some small generators will be more comfortable than others with participating in the electricity market to gain support through the RO, which is why we are keen to offer the choice at this scale.

You should also be aware that, should you decide to transfer to FITs, you will not subsequently be able to transfer back to the RO unless you become ineligible for FITs through adding additional capacity to exceed the 5MW maximum. This is in order to minimise disruption to the schemes and avoid incurring an additional administrative cost, which would ultimately be borne by consumers.

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

ROO to FIT Notification

**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 operator of the above generating station or the person entitled to receive the financial incentives for the above generating station and hereby notify the Authority of my request that support for electricity generated by the above generating station from [1 April 2010 onwards]/[1 April 2011 onwards]³ should be given in the form of payments under the Feed-In Tariffs Scheme.
2. I hereby confirm that I make this notification in the full knowledge that this notification is irrevocable and once accepted by the Authority cannot be withdrawn.
3. 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 2010⁴ or 1 April 2011⁵ (the relevant date), unless my generating station at some stage comes to exceed the maximum capacity threshold of the Feed-In Tariffs scheme (on the assumption that it is still eligible under the Renewables Obligation).
4. I hereby further declare that the details of the payee for the purposes of the Feed-In Tariffs scheme are as follows:
.....
.....
.....
.....
5. Finally, I hereby declare that I am authorised to make this notification

Name of Renewables and CHP register SuperUser (print):

Name of Renewables and CHP register SuperUser (signature):

Date:

Telephone:

Email:

Please send this notification to:

³ Delete as appropriate

⁴ In the event that my decision is notified to the Authority on or before 31 March 2010

⁵ In the event that my decision is notified to the Authority after 31 March 2010 but on or before 31 August 2010

Post: Anna Moule, Assistant Manager Renewable Schemes, Ofgem, 1st Floor, 9 Millbank, London, SW1P 3GE

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

Fax: 0207 901 7387

Appendix 3

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 off-grid i.e. you do not have a connection to the grid?

Yes [] No []
- g) Import MPAN⁶(s) (if applicable):
- h) Export MPAN(s) (if applicable):
- i) Generation meter serial number(s):
- j) For a PV installation that has a capacity of 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":

⁶ 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.

- 1) What was the name of the grant?
- 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 2010⁷ (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 to⁸:

- 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 (print):

Name (signature):

Date:

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

Post: Anna Moule, Assistant Manager Renewable Schemes, Ofgem, 1st Floor, 9 Millbank, London, SW1P 3GE

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

Fax: 0207 901 7387

⁷ Or as close to 1 April post this date.

⁸ You will be able to decide this when you have spoken to a FITs licensee.