

# Feed-in Tariff (FIT): Annual report 2010 - 2011

## Annual report to Secretary of State for Energy and Climate Change

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### Overview:

The Government has introduced a number of schemes to encourage the development of renewable energy generation in the UK.

The Feed-in Tariffs (FITs) scheme is designed to incentivise small scale renewable generation into the electricity generation market. This scheme requires certain licensed electricity suppliers to make payments to eligible generators of renewable electricity.

This report provides information in respect of the 2010-11 period. It includes information on how licensed electricity suppliers complied with their obligations in this period, and detail on the number and nature of FIT payments made.

## Context

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The Secretary of State for Energy and Climate Change used enabling powers contained in the Energy Act 2008 to introduce a Feed-in Tariff scheme in Great Britain. The Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010 and modifications to Conditions 33 and 34 of the Standard Licence Conditions became effective from 1 April 2010.

The Feed-in Tariff scheme is designed to be available through licensed electricity suppliers and is intended to encourage the uptake of small scale renewable and low carbon technologies of a capacity up to 5MW. The scheme requires certain licensed electricity suppliers to make tariff payments on both the generation and export of renewable and low carbon electricity from accredited installations using photovoltaic, wind, hydro, anaerobic digestion and combined heat and power technologies.

Each year this Annual Report will be published by Ofgem to meet the requirements of the Feed-in Tariffs legislation, as well as addressing its duties under 'Helping to Achieve Sustainable Development' in Ofgem's Corporate Strategy and Plan.

## Associated documents

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Modifications to Conditions 33 and 34 of the Standard Licence Conditions

[http://www.decc.gov.uk/assets/decc/what%20we%20do/uk%20energy%20supply/energy%20mix/renewable%20energy/policy/fits/1\\_20100331172153\\_e\\_@@\\_fitlicencemodification.pdf](http://www.decc.gov.uk/assets/decc/what%20we%20do/uk%20energy%20supply/energy%20mix/renewable%20energy/policy/fits/1_20100331172153_e_@@_fitlicencemodification.pdf)

The Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010

[http://www.decc.gov.uk/assets/decc/what%20we%20do/uk%20energy%20supply/energy%20mix/renewable%20energy/policy/fits/1\\_20100331172153\\_e\\_@@\\_fitlicencemodification.pdf](http://www.decc.gov.uk/assets/decc/what%20we%20do/uk%20energy%20supply/energy%20mix/renewable%20energy/policy/fits/1_20100331172153_e_@@_fitlicencemodification.pdf)

Feed-in Tariff Scheme: Guidance for Electricity Suppliers

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=8&refer=Sustainability/Environment/fits/Info>

Central FIT Register User Guide

<http://www.ofgem.gov.uk/Sustainability/Environment/fits/Documents1/Central%20FIT%20Register%20User%20Guide%20-%20July%202010.pdf>

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## Executive Summary

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This report fulfils Ofgem's reporting duties to the Secretary of State for Energy and Climate Change under The Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010. This document provides a summary of the first year of operation of the Feed-in Tariff (FIT) scheme 1 April 2010 to 31 March 2011. Chapter 3 highlights some of the changes to the FIT scheme post 31 March 2011.

### Policy Background

The Feed-In Tariff (FIT) scheme is an environmental programme aimed at promoting widespread uptake of a range of small-scale low carbon electricity generation technologies. The FIT scheme requires certain licensed electricity suppliers to pay fixed tariffs to micro and small renewable and micro CHP generators for all electricity generated and separately electricity exported to the National Grid. The FIT scheme policy and tariff rates are set by the Department of Energy and Climate Change (DECC), but the scheme is administered by FIT licensees, Gemserv (through the MCS scheme) and Ofgem.

### Licensee Compliance

All mandatory and voluntary FIT Licensees made payments that were due and all these were satisfactorily reconciled as part of the annual levelisation. Further detail is provided in Chapter 1.

### Scheme uptake totals

There were a total of **30,201 installations** participating in the FIT scheme within the first year of the scheme from 1 April 2010 to 31 March 2011.

The total capacity of installations registered in the first year of the FITs scheme was **108.3 MW**. The most prevalent technology was solar photovoltaic accounting for 77.7 MW of capacity installed, followed by wind with 18.9 MW capacity.

The total amount of electricity generated under the FIT scheme from 1 April 2010 to 31 March 2011 was **68,559.4 MWh**.

### Scheme costs

The figures below cover the first year of operation of the FIT scheme from 1 April 2010 to 31 March 2011. These figures provide an overview of the total costs of the scheme, with more detailed breakdown by each electricity supplier being provided in Chapter 1.

| Item   | Amount         | Description   |
|--|----------------|---|
| <b>FIT generation payments</b>               | £12,487,028.83 | Payments made to the accredited generators based on their metered generation.   |
| <b>Total FIT export payments<sup>1</sup></b> | £448,250.99    | Payments made to the accredited generators based on metered and deemed export of electricity to the grid  |
| <b>Qualifying FIT costs</b>                  | £2,044,560.00  | These represent the total cost of Suppliers running the FIT scheme. The Secretary of State must determine the value of the Qualifying FIT Costs for each FIT Year. For FIT Year 1, the Qualifying FIT Costs were determined to be £65 per an accredited FIT Installation to a Mandatory FIT Licensee and £100 per an accredited FIT Installation to a Voluntary FIT Licensee. |
| <b>Value of net deemed export</b>            | £453,717.14    | The value of net deemed export has been determined to be the amount of electricity deemed to have been exported by all accredited FIT installations multiplied by the System Sell Price (SSP).  |
| <b>Levelisation fund</b>                     | £14,435,324.77 | This figure represents the cost of the scheme in the first year and includes generation payments, deemed export payments, and qualifying administration costs minus the value of deemed export to licensed electricity suppliers.   |
| <b>Money levelised</b>                       | £6,866,829.27  | This figure represents the amount of money that was redistributed between suppliers to cover payments made to accredited generators. The figure comprises £5,852,877.78 of periodic levelisation payments and £1,013,951.49 annual levelisation payments.   |

<sup>1</sup> The deemed element of this figure, which is used to calculate the levelisation fund, is £357,453.08

# 1. Compliance by licensed electricity suppliers

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## **Chapter Summary**

How licensed electricity suppliers met their regulatory obligations during the period 1 April 2010 to 31 March 2011. It also summarises the costs involved, listing FITs payments made by each supplier.

## **General principles**

- 1.1. Only licensed electricity suppliers are able to become FIT licensees.
- 1.2. Licensed electricity suppliers who have a minimum of 50,000 domestic customers are obligated to register and make FIT payments to certain eligible generators. These licensees are classed as mandatory FIT licensees. Mandatory FIT licensees are unable to exit the scheme unless their status changes.
- 1.3. Licensed electricity suppliers with fewer than 50,000 domestic customers can elect to register and make FIT payments to certain eligible generators. These licensees are classed as voluntary FIT licensees and are required to remain in the FIT scheme for the duration of the FIT year (1 April - 31 March) in which they enter. Where these licensed electricity suppliers do not elect to become voluntary FIT licensees, they are known as non-FIT licensees. Non-FIT licensees must still contribute to the costs of the FITs scheme (eg make levelisation contributions) based on their market share.
- 1.4. Both mandatory and voluntary FIT licensees are under the FITs scheme:
  - i. taking all reasonable steps to verify that a FIT applicant's installation is eligible for the FIT scheme and the information provided by the FIT applicant is accurate.
  - ii. registering eligible installations (both MCS FIT accredited and ROO-FIT accredited) onto the Central FIT Register (CFR).
  - iii. taking all reasonable steps to ensure the data placed on the CFR is accurate, and, if necessary, updating and amending the CFR with new information.
  - iv. taking all reasonable steps to acquire generation and/or export meter readings and satisfy themselves that these generation and/or export meter readings are reasonable and within expected tolerances for that particular installation.

- v. verifying generation and/or export meter readings at least once every two years.
  - vi. calculating and making FIT payments in accordance with the information held on the CFR and ensuring that FIT generators and nominated recipients only receive FIT payments for which they are eligible for.
  - vii. assisting FIT applicants with joining the FIT scheme and providing a reasonable level of customer service.
  - viii. ensuring that FIT generators registered with the FIT licensee for both their electricity supply and FIT payments are not discriminated against unreasonably in terms of changing electricity supplier or the price paid for electricity supply.
- 1.5. All licensed electricity suppliers are required to participate in the levelisation process by:
- providing the information to Ofgem to enable us to administer the process, and
  - making levelisation payments as requested by Ofgem.

## Compliance

1.6. During the first year of the FIT scheme there were 16 Mandatory FIT licensees, 9 Voluntary FIT Licensees and 71 Non-FIT Licensees. A list of licensees and their respective status are provided in Appendix 1.

1.7. Not all Licensees met their regulatory responsibilities under Standard Condition 33 and Standard Condition 34 of their electricity supply licenses. Further details on these non-compliances are provided below.

### Compliance with the Licence Conditions

1.8. Not all licensees met their scheme responsibilities during the first year of the FIT scheme. Some Licensees submitted their information late which caused a number of administrative issues for Ofgem.

1.9. There were a number of non-FIT Licensees who did not meet their standard license conditions to submit data on the levelisation process. However, all non-FIT licensees who did not supply information to Ofgem were either dormant licensees or had their licences revoked, e.g. they supplied no electricity. This was independently confirmed to Ofgem by Elexon. The result is that these non-FIT licensees had no financial impact on the FIT scheme whatsoever.

1.10. All FIT Licensees made the required payments to the levelisation fund during the first year of the FIT scheme, however some payments were made late after the deadline. During the first quarter there was a small shortfall in the levelisation fund,

as Immingham CHP LLP did not pay £218.47 that was required of them into the fund until after the first levelisation process was complete. This resulted in Ofgem E-Serve redistributing £120,788.19 to FIT Licensees which were owed money from the fund. The shortfall amount was redistributed to FIT Licensees during the annual levelisation process.

1.11. Further details are given in Appendix 2 of Licensees that did not provide levelisation data, provided levelisation date late, and/or made payments late.

1.12. Given that compliance with the SLC is a relevant requirement of the Electricity Supply Licence, the Authority may use its enforcement powers in the same way that it can in respect of breaches of other licence conditions. In some cases it is not necessary to take any formal enforcement action because the issues are resolved quickly. We make decisions on whether or not to take enforcement action on a case-by-case basis and are guided by our Enforcement Guidelines. In the cases of later provision of data and late payments described above, no action was taken.

### **Annual notification of FITs status**

1.13. All electricity suppliers must send a FIT notification to Ofgem towards the end of each FIT year. By 14 February of each FIT year, all licensed electricity suppliers must inform Ofgem whether they will be a mandatory FIT licensee, voluntary FIT licensee or a non-FIT licensee for the FIT year starting on 1 April following the FIT notification. In the first year of the scheme, electricity suppliers had until 30 June 2010 to submit notification of FIT Status to Ofgem.

1.14. The below electricity suppliers did not submit notification of FIT status to Ofgem by 30 June 2010 for FIT Year 1:

- AMRECS LLC
- BES Commercial Electricity Ltd
- Better Business Energy Ltd
- Blizzard Utilities Limited
- Caboodle Energy Limited
- Eneco energy Trade BV
- Eucalyptus Worldwide Ltd
- Home Counties Energy Plc
- Ineos Chlor Energy Ltd
- Primary Connections Ltd
- S. C. Isramart SRL
- Team Gas and Electricity Ltd
- UK Healthcare Corporation Ltd

1.15. The majority of these licences are dormant and on the basis of no response, despite repeated requests, we assumed that these licensees did not wish to participate as a FITs Licensee. This had no effect on the operation of the scheme.

## Total FIT payments

1.16. The table below summarises the FIT payments made by FIT Licensee's to FIT generators during the annual report period 1 April 2010 to 31 March 2011. Please note Table 1 does not include payments made into the levelisation fund by non-FIT licensees.

| <b>Licence Name</b>              | <b>Total FIT payments made</b> | <b>Total generation payments made</b> | <b>Total export payments made</b> |
|----------------------------------|--------------------------------|---------------------------------------|-----------------------------------|
| British Gas Trading Ltd          | £754,140.35                    | £724,965.41                           | £29,174.94                        |
| E.ON Energy Ltd                  | £1,609,946.74                  | £1,544,684.88                         | £65,261.86                        |
| Economy Power                    | £0.00                          | £0.00                                 | £0.00                             |
| EDF Energy Customers Plc         | £796,556.45                    | £760,482.15                           | £36,074.30                        |
| Electricity Plus Supply Ltd      | £115,786.09                    | £111,480.72                           | £4,305.37                         |
| First Utility Ltd                | £29,883.10                     | £28,805.66                            | £1,077.44                         |
| Garsington Energy Ltd            | £192,943.48                    | £179,594.06                           | £13,349.42                        |
| Good Energy Ltd                  | £1,088,880.89                  | £1,055,622.58                         | £33,258.31                        |
| Npower Direct Ltd                | £55,401.81                     | £52,687.62                            | £2,714.19                         |
| Npower Ltd                       | £1,382,194.57                  | £1,367,888.56                         | £14,306.01                        |
| Npower Northern Ltd              | £293,136.04                    | £280,799.77                           | £12,336.27                        |
| Npower Northern Supply Ltd       | £0.00                          | £0.00                                 | £0.00                             |
| Npower Yorkshire Ltd             | £41,924.06                     | £40,181.39                            | £1,742.67                         |
| Npower Yorkshire Supply Ltd      | £0.00                          | £0.00                                 | £0.00                             |
| Opus Energy Ltd                  | £77,480.89                     | £73,218.17                            | £4,262.72                         |
| ScottishPower Energy Retail Ltd  | £1,114,081.89                  | £1,066,160.09                         | £47,921.80                        |
| SEEBOARD Energy Ltd              | £0.00                          | £0.00                                 | £0.00                             |
| SmartestEnergy Ltd               | £1,749,685.94                  | £1,749,685.94                         | £0.00                             |
| South Wales Electricity Ltd      | £0.00                          | £0.00                                 | £0.00                             |
| SSE Energy Supply Ltd            | £2,519,956.24                  | £2,389,530.37                         | £130,425.87                       |
| SWEB Energy Ltd                  | £0.00                          | £0.00                                 | £0.00                             |
| The Energy Data Company Ltd      | £0.00                          | £0.00                                 | £0.00                             |
| The Renewable Energy Company Ltd | £301,716.67                    | £280,428.73                           | £21,287.94                        |
| Tradelink Solutions Ltd          | £811,564.61                    | £780,812.73                           | £30,751.88                        |
| Winnington Networks Ltd          | £0.00                          | £0.00                                 | £0.00                             |
| <b>Total figures</b>             | <b>£12,935,279.82</b>          | <b>£12,487,028.83</b>                 | <b>£448,250.99</b>                |

**Table 1 –FITs Payments by supplier from 1 April 2010 to 31 March 2011**

## **Total electricity generated under the FIT scheme**

1.17. There was 68,559,393kW (68,559.4 MWh) of electricity generated within the first year of the scheme from 01 April 2010 to 31 March 2011. More information on the technologies used is provided in Chapter 2.

## **Total number of accredited FIT installations**

1.18. A total of 30,201 installed renewable installations were registered within the first year of the scheme from 1 April 2010 to 31 March 2011. This number includes both accredited installations and those that have had an extension.

## 2. Accredited FIT installations

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### Chapter Summary

An overview of eligible technologies and the uptake of these technologies by numbers and capacity in the first year of the Feed in Tariff Scheme.

### Eligible technologies

2.1. In order to get support under the FIT scheme, eligible participants must install one of the following sources of low carbon energy or technology:

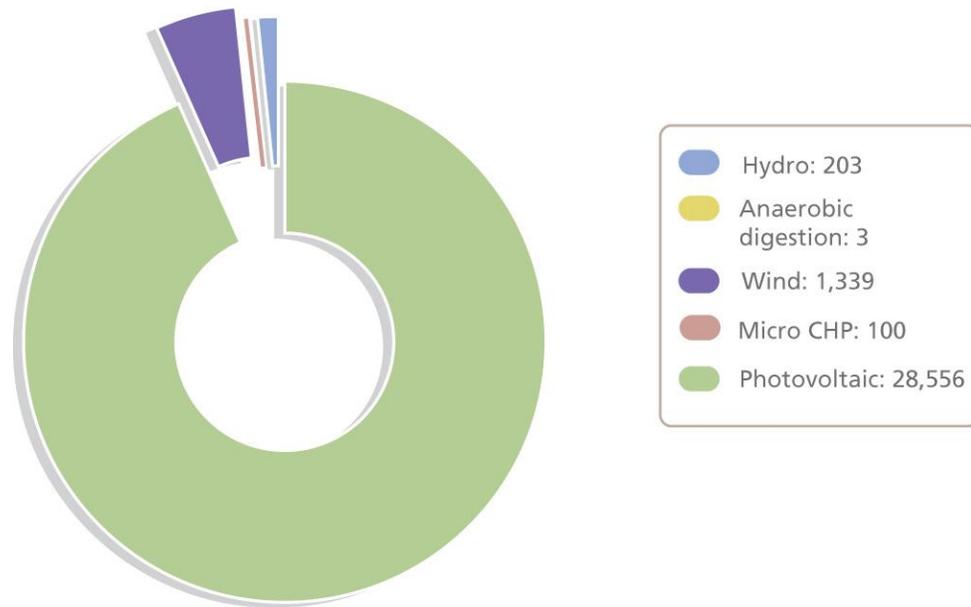
- Anaerobic Digestion (as defined in the Renewables Obligation Order 2009)
- Hydro generating station, as defined in the Renewables Obligation Order 2009, and from the 30 May 2011 as defined in the Feed-in Tariff (Specified Maximum Capacity and Functions) (Amendment) Order 2011
- Combined heat and power (CHP) with an electrical capacity of 2kW or less
- Solar photovoltaic
- Wind

2.2. The specified maximum capacity of eligible installations is set at 5MW of total installed capacity (2kW in the case of CHP). This means that it is possible to have up to 5MW of total installed capacity generation from the same low-carbon energy source on any one site.

2.3. Eligible micro-CHP (<2kW) can join the FIT scheme on a pilot scheme basis; only the first 30,000 CHP added to the CFR will be eligible. DECC will review the pilot once the 12,000<sup>th</sup> installation is completed.

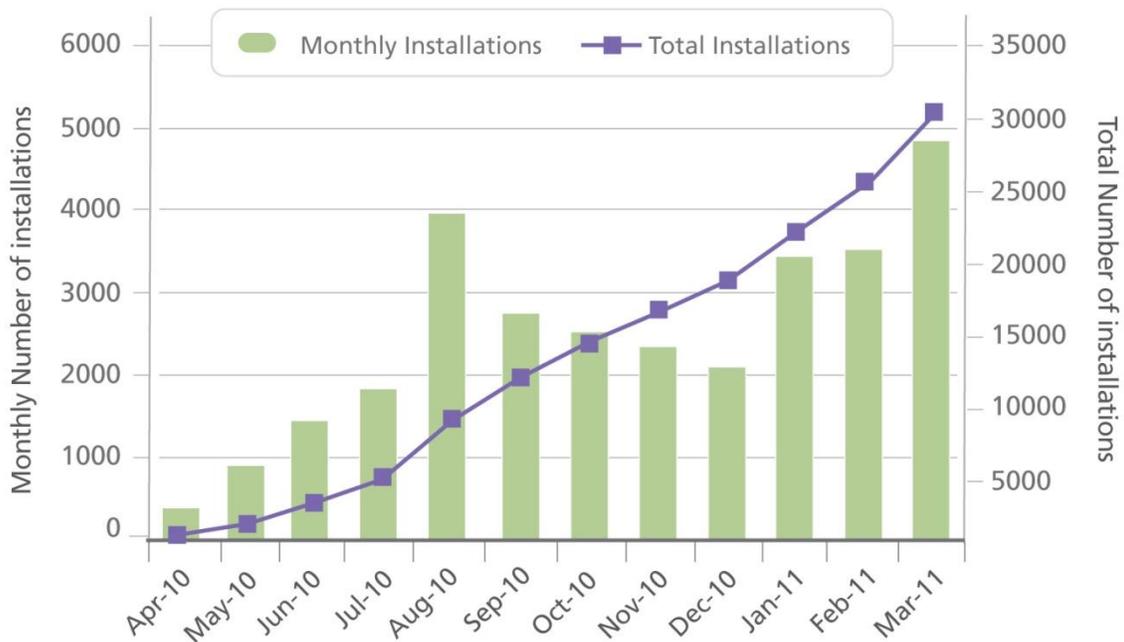
### Number of installations

2.4. Figure 1 shows there were a total of 30,201 installations accredited in the first year of the FIT scheme. Our FIT update newsletter 4 (20 June 2011) stated a slightly higher number of 30,263 - the difference is due to FIT Licensees subsequently updating the Central FIT Register. We can observe a clear dominance of solar photovoltaic technology with 28,556 installations, representing 94.4% of the total:



**Figure 1 - Number of installations by technology**

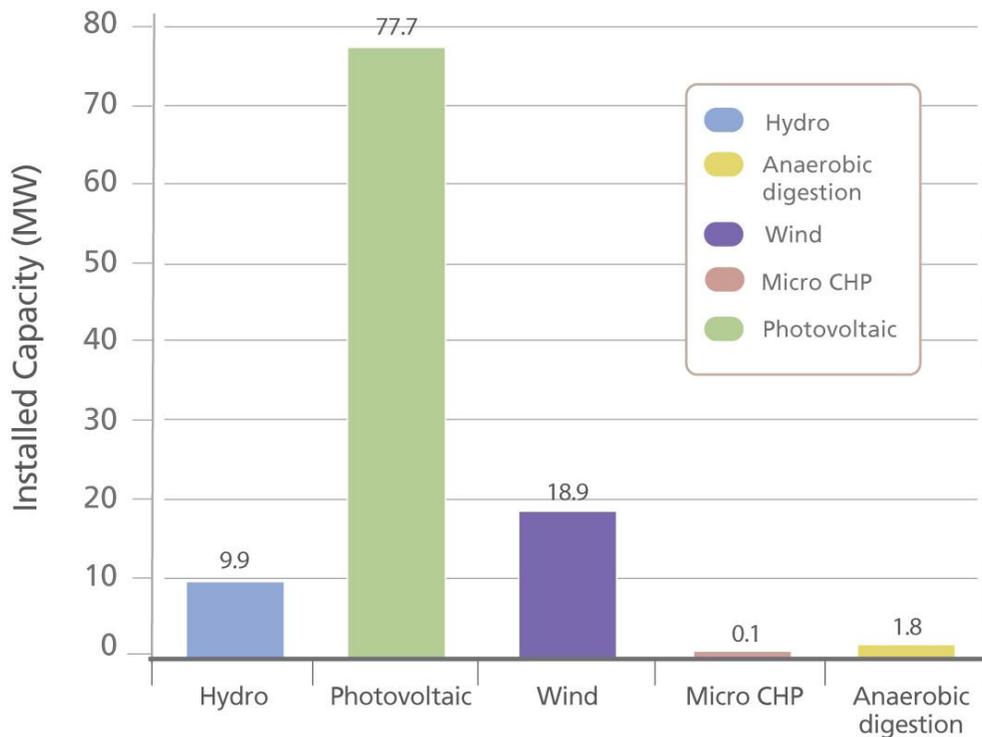
2.5. Figure 2 shows an overall steady growth in FIT installation numbers, with the year end totalling 30,201 installations. The slight downward trend in monthly installations between September and December is due to the addition of a large number of RO migrated stations to the Central FIT Register during this period.



**Figure 2 - Number of FIT installations by month**

### Total installed capacity

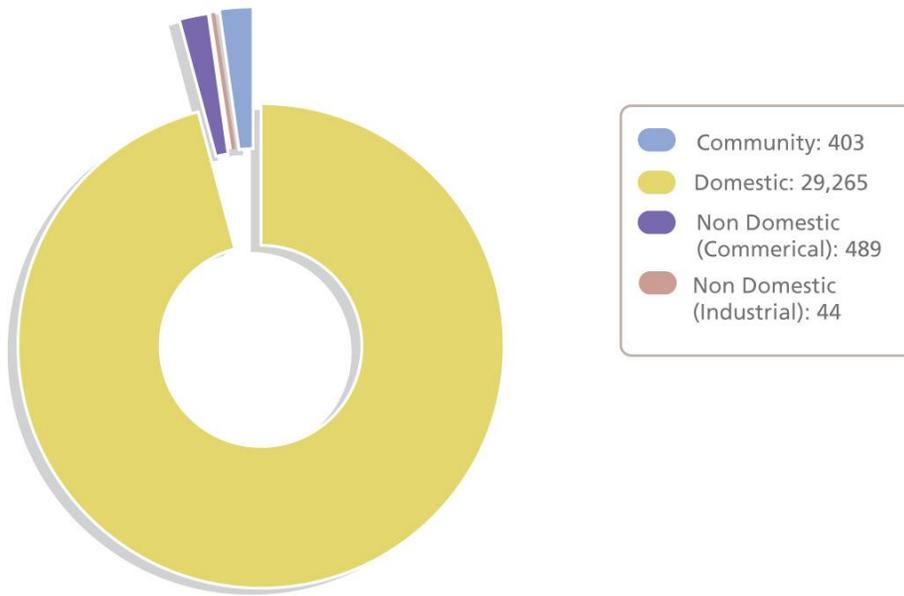
2.6. As Figure 3 illustrates, we can observe there was a dominance of solar photovoltaic installations in the first year of the FIT scheme. This pattern is repeated when we look at total installed capacity by technology, with solar photovoltaic similarly dominating with 77.7 MW of the total 108.3 MW capacity (71.7%). The next most prevalent technology is wind with 18.9 MW capacity (17.5%):



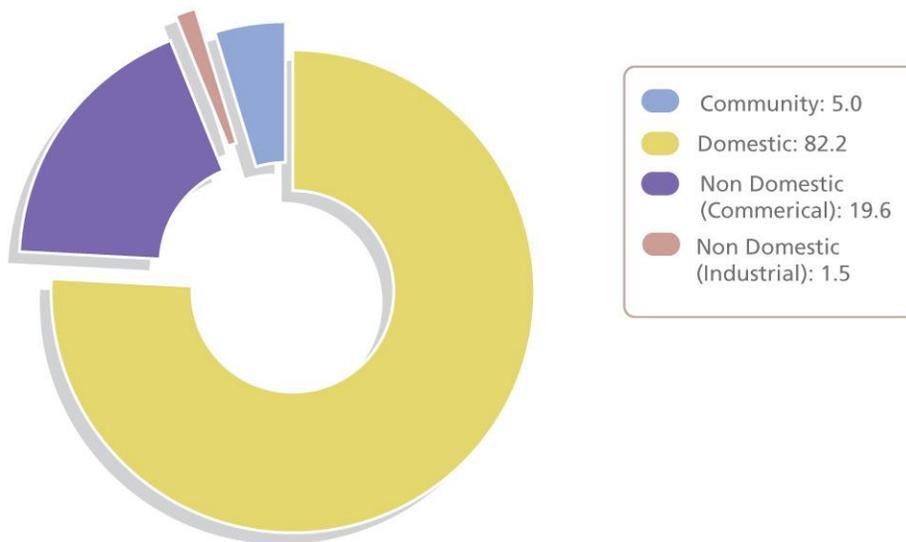
**Figure 3 - Total installed capacity by technology for FIT Year 1**

### Comparing numbers and capacity

2.7. However, by looking at both number of installations and installed capacity at a sectoral level, we can observe some interesting characteristics hidden in the data:



**Figure 4 (a) - Number of installations**



**Figure 4(b) - Capacity in MW**

**Figure 4 - Number and capacity (MW) of FIT installations by sector**

2.8. By number alone, Figure 4(a) shows us that domestic properties dominate in a sectoral breakdown of FIT installations in the first year of the scheme.

2.9. When considering installed capacity, Figure 4(b) also mirrors the dominance of domestic properties in year one of the FIT scheme, with 82.2 MW (76.0 %) of installed capacity.

2.10. However, by comparing both pie charts in Figure 4 we can see the non-domestic commercial category is taking a relatively large percentage of installed FIT capacity, at 19.6 MW. This is because although there are fewer non-domestic commercial than domestic installations by number, they have a higher installed capacity on average. The average size of FIT installations by sector is provided below:

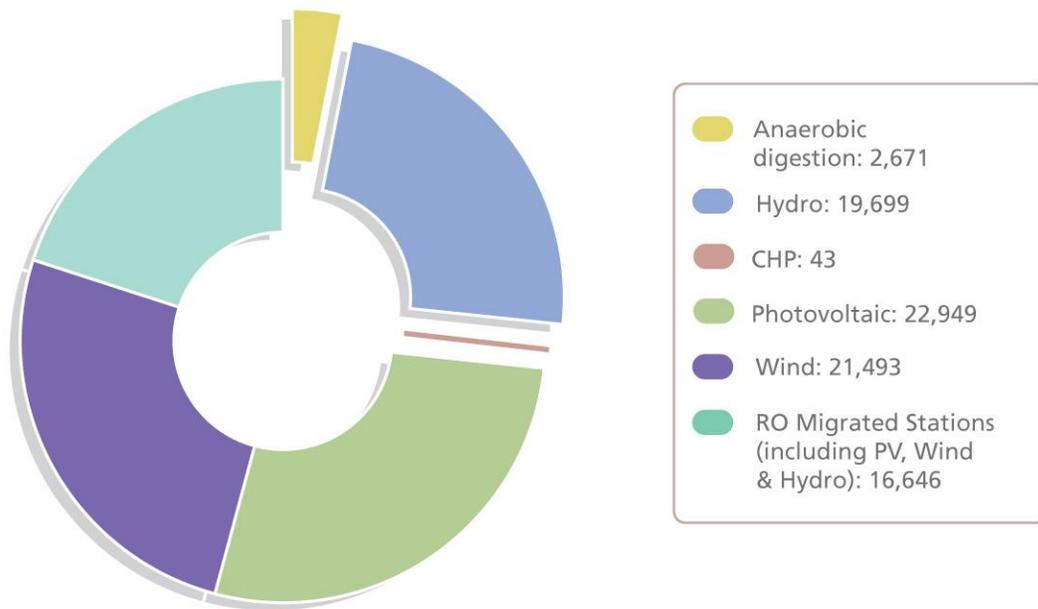
| Sector                    | Average capacity per installation (kW) |
|---------------------------|--|
| Community                 | 12.5                                   |
| Domestic                  | 2.8                                    |
| Non domestic (commercial) | 40.0                                   |
| Non-domestic (industrial) | 33.1                                   |

**Table 2 - Average installed capacity**

## Electricity generated

2.11. Installations generated 68,559.4 MWh of electricity and exported 14,941.6 MWh of this in the first year of the FIT scheme, giving a total of 83,501 MWh. Figure 5 shows the split of generation by FIT tariff type. Electricity generation data is captured under FIT tariff type, compared to installed capacity which is recorded by technology type). Since RO migrated stations receive their own 9p/kWh rate, the below data are presented at this level. This shows a relatively high proportion of electricity (16,646 MWh) being generated by stations that have migrated to FIT since first being accredited under the Renewables Obligation. This category includes solar PV, wind and hydro installations.

2.12. The proportion of PV generation, even accounting for the generation by RO migrated stations is less than 50%. This is in marked contrast to the previous graphs of installations numbers and capacity which show the proportions from PV technology well over 50%. The difference is explained by the lower load factors associated with PV technology as compared with the other technologies.

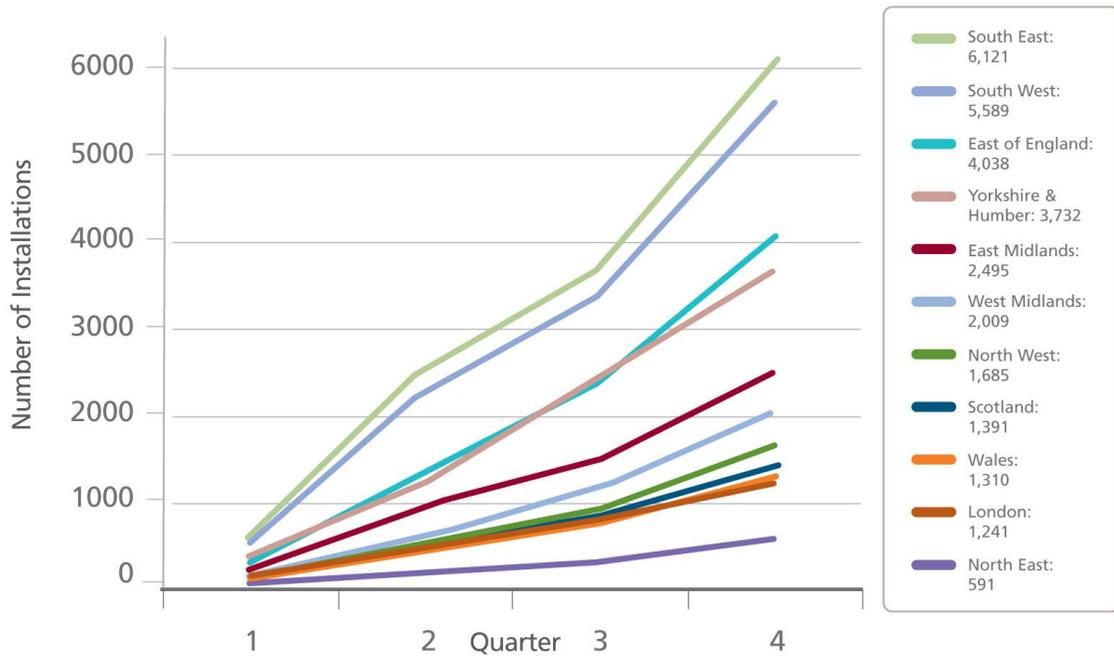


**Figure 5 - Total FIT electricity generated and exported (MWh)**

### National/ Regional Growth in installation numbers

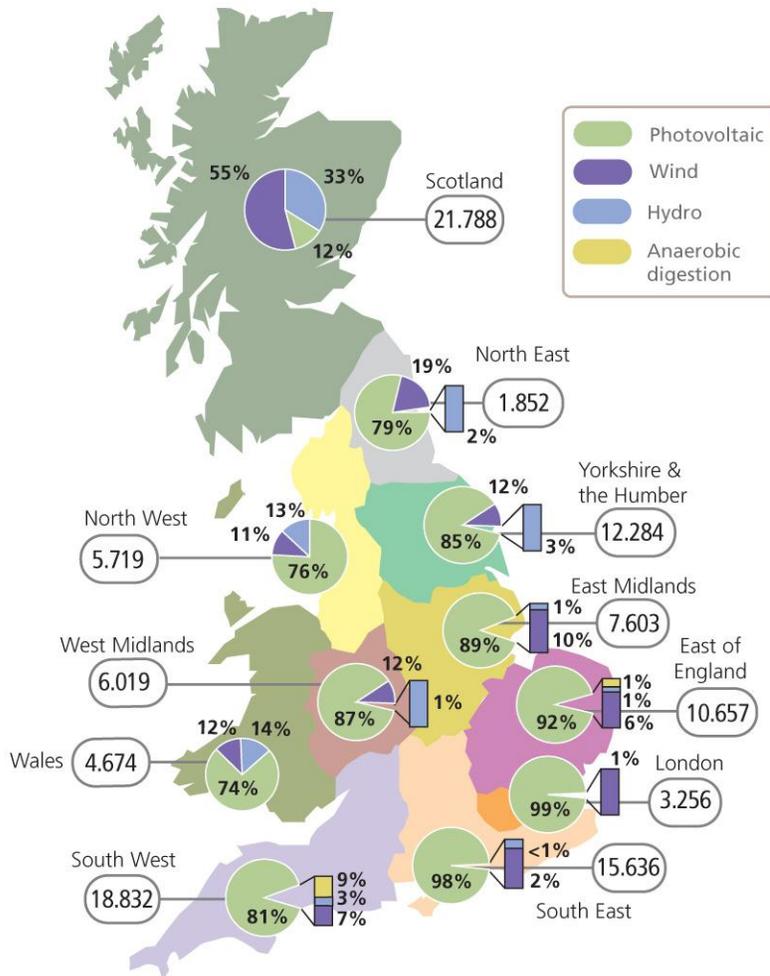
2.13. Figure 6 shows the relative growth in FIT installation numbers in Scotland, Wales and the English Regions. There appear to be three broad groupings within the growth data i) South East and South West following similar high growth trends, ii) East of England and Yorkshire & Humber growing at almost identical rates and iii) all others growing at a lesser rate. It is also interesting to note that most Nations/Regions finished in the same position in which they started e.g. very few nations/Regions 'overtook' one another. There also appears to be a tipping point in Q4, where all data points trend upwards at a higher rate, indicating an increasing momentum to scheme uptake.

2.14. Please refer to Appendix 3 for a full breakdown of the data, including by technology.



**Figure 6 Growth in National and English Regional FIT installations**

2.15. Figure 7 below shows a regional breakdown of installed capacity by region. This shows a dominance of solar photovoltaic technologies. The exception to this is Scotland, where more than 50% of installed capacity is wind power.



**Figure 7 – Regional breakdown of installed capacity by technology (MW)**

# 3. Implementation Issues

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## **Chapter Summary**

Some of the issues relating to implementation that were faced during the first year of the FIT scheme.

## **Issues faced by Ofgem and suppliers**

3.1. Ofgem and Electricity Suppliers worked successfully together in the tight timescales to help launch the FIT scheme on 1 April 2010. The Central Fit Register (CFR) was launched and FIT Licensees began to enter data on to it.

## **Supplier Audits**

3.2. The first round of FIT Licensee audits were completed in January 2011, which covered Q1 and Q2 of year one of the FIT scheme. Although many FIT Licensees were still developing their in-house administration processes, the audits found that Licensees were broadly complying with their obligations. No major non-conformances or fundamental issues were found during the audits. Considering the speed of implementation, the fact that the completed audits found the FIT scheme running well reflects positively on those FIT Licensees audited.

## **Levelisation process**

3.3. There were some IT issues experienced with the first quarterly levelisation process run by Ofgem. Despite certain elements of the IT system being unavailable for a short period of time, FIT Licensees managed to work around this issue and still submit levelisation information on time. This issue was only faced during the first of the quarterly levelisation processes. Ofgem recognises the support and understanding of Licensees during this particular implementation issue.

3.4. Qualifying costs for FIT Licensees were not paid until Q3 of the first year of the FIT scheme. As it was the first year of the scheme, DECC consulted with FIT Licensees on the value of the qualifying costs; following this consultation the value of qualifying costs was not published until 18 June 2010. In future years the value of qualifying costs will be published by DECC by 1 March preceding the FIT year.

3.5. Qualifying costs are the costs FIT Licensees are able to charge per installation for administering the FIT scheme. For a fuller explanation of qualifying costs, please see paragraph 6.14 of Ofgem's "FIT: Guidance for Licensed Electricity Suppliers" document.

## Migration from the Renewables Obligation

3.6. A total of 4,765 installations were migrated from the Renewables Obligation Order (RO) to the FIT scheme in its first year of operation. Ofgem efficiently developed and built an RO migration database to manage this process. The migration process was managed well, despite the relatively high numbers involved.

3.7. The relatively high take up of RO migrations was due to any station being accredited before 1 April 2010 being able to automatically access the FIT scheme without being MCS approved.

## Lessons learned for future programmes

### Eligibility date

3.8. The FIT legislation and Ofgem's guidance made it clear that the eligibility date for an installation was the latter of the commissioning date, the application date or the start date of the scheme (1 April 2010). However, despite this, there appeared to be some confusion in industry and with the wider public who applied to the scheme, with many believing that the eligibility date was the commissioning date. By misunderstanding these rules, some installation owners thought they were missing out on FIT tariff payments. However, once accredited, installations receive worth of FIT payments of: 25 years for solar PV; 10 years for micro-CHP; 20 years for all other supported technologies.

3.9. In response to the above we updated our website to ensure the eligibility date rules were clear and unambiguous. In the future Ofgem will ensure similar messages are communicated clearly.

### Guidance

3.10. Our finalised FIT guidance was published in 14 May 2010, approximately six weeks after the scheme came into force. This was due to the speed of the Parliamentary timetable, and that we could not publish our draft FIT guidance before finalised regulations were laid in Parliament. Once the Regulations were laid, we consulted on and published our finalised FIT guidance.

3.11. Due to the early involvement of industry and stakeholders in the policy development process, there were no major changes to the draft guidance document on consultation since most electricity suppliers were already aware of the scheme and how Ofgem intended to administer it.

3.12. Early involvement of stakeholders allowed for the scheme to be implemented in a quick timescale. This also allowed a smoother guidance consultation since most electricity suppliers were aware of how Ofgem intended to administer the scheme. In any future scheme development processes, Ofgem will look to involve interested and relevant stakeholders as early as possible to help repeat this success.

## Future changes to the FIT scheme

3.13. This report covers the first year of the FIT scheme, from 1 April 2010 to 31 March 2011. Since February 2011 the government launched a review of the FIT scheme, focussing on a number of different elements<sup>2</sup>.

### **The Feed-in Tariffs (Specified Maximum Capacity and Functions) (Amendment) Order 2011**

3.14. The first amendment order was enacted on 30 May 2011, which revised or clarified some of the requirements in the existing Order. Specifically this amendment order covered the following areas:

- the exemptions that may apply where an installation seeking accreditation for the FIT scheme has received a grant from public funds
- further guidance on the accreditation of hydro stations
- restrictions on the accreditation of generating stations that use second-hand or refurbished equipment
- extension of the notification deadline, for those generators wishing to migrate from the RO to FITs, from 1 October 2010 to 1 October 2011

### **The Feed-in Tariffs (Specified Maximum Capacity and Functions) (Amendment No. 2) Order 2011 – “Fast track review”**

3.15. DECC undertook a consultation - 18 March to 6 May 2011 - on the tariffs for large-scale (over 50 kilowatts) and stand-alone solar photovoltaic (PV) projects and farm-scale anaerobic digestion (AD) projects (up to and including 500 kilowatts).

3.16. The outcome of this consultation was announced on 9 June 2011. This confirmed that, having carefully considered the responses received, the Coalition Government would go ahead with the proposed tariff reductions for new large-scale solar PV (over 50 kilowatts), all stand-alone PV projects and increases for farm-scale AD projects (up to and including 500 kilowatts). The detail of this decision and the analysis underpinning it are set out on the DECC website<sup>3</sup>. New tariffs took effect from 1 August 2011.

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<sup>2</sup> For more detail, please see the DECC FIT Review website:  
[http://www.decc.gov.uk/en/content/cms/meeting\\_energy/renewable\\_ener/feedin\\_tariff/fits\\_review/fits\\_review.aspx](http://www.decc.gov.uk/en/content/cms/meeting_energy/renewable_ener/feedin_tariff/fits_review/fits_review.aspx)

<sup>3</sup> DECC, 2011: [Feed-in Tariffs scheme: Summary of responses to the Fast Track Consultation and Government Response.](#)

### **The Feed-in Tariffs (Specified Maximum Capacity and Functions) (Amendment No. 3) Order 2011 - Extensions**

3.17. Since announcing the outcome of the fast-track review, DECC became increasingly aware of evidence some large-scale solar PV developers were intending to use provisions in the FITs legislation on the accreditation of extensions to installations, to take advantage of the original tariffs beyond 1 August 2011.

3.18. Therefore, a consultation on the treatment of extensions<sup>4</sup> was held from 27 July to 31 August 2011. The outcome of this consultation was announced on 27 September 2011 and confirmed the decision to amend the rules on extensions<sup>5</sup>, which was enacted on 18 October 2011.

#### **Comprehensive Review**

3.19. In February 2011 DECC announced a Fast Track review that would focus on large PV installations, in addition to a Comprehensive Review of the scheme. Further detail on the Comprehensive Review was announced in October 2011.

3.20. Phase I of the Comprehensive Review will consider:

- small-scale solar PV (with a total installed capacity of 250 kilowatts or less)
- prioritising energy efficiency by linking PV tariffs to specified minimum energy efficiency requirements from 1 April 2012, and
- introducing new multi-installation tariff rates for aggregated solar PV schemes, applying to new installations with an eligibility date after 1 April 2012.

3.21. A consultation on Phase I has been launched and will run until 23 December 2011.

3.22. Phase II of the review will consider wider issues including tariffs for non-PV technologies, new cost control mechanisms and administrative aspects of the scheme, and will likely be launched in 2012.

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<sup>4</sup> DECC, 2011: [Consultation on the treatment of extensions](#)

<sup>5</sup> DECC, 2011: [Outcome of the extension consultation](#)

## Appendices Index

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## Appendix 1 – Supplier licences

### Mandatory FIT licensees

| <i>Licence</i>                   | <i>Company</i>                   | <i>Notes (covering the 2010-11 period)</i> |
|----------------------------------|----------------------------------|--|
| British Gas Trading Ltd          | Centrica                         |  |
| E.ON Energy Ltd                  | E.On                             |  |
| Economy Power                    | E.On                             |  |
| EDF Energy Customers Plc         | EDF Energy plc                   |  |
| Electricity Plus Supply Ltd      | RWE Npower Plc/Utility Warehouse |  |
| Npower Direct Ltd                | RWE Npower Plc                   |  |
| Npower Ltd                       | RWE Npower Plc                   |  |
| Npower Northern Ltd              | RWE Npower Plc                   |  |
| Npower Northern Supply Ltd       | RWE Npower Plc                   |  |
| Npower Yorkshire Ltd             | RWE Npower Plc                   |  |
| Npower Yorkshire Supply Ltd      | RWE Npower Plc                   |  |
| Scottish Power Energy Retail Ltd | Scottish Power                   |  |
| SEEBOARD Energy Ltd              | EDF                              |  |
| South Wales Electricity Ltd      | Scottish & Southern (SSE)        |  |
| SSE Energy Supply Ltd            | Scottish & Southern (SSE)        |  |
| SWEB Energy Ltd                  | EDF                              | Licence was revoked in February            |

### Voluntary FIT licensees

| <i>Licence</i>                   | <i>Company</i>          | <i>Notes (covering the 2010-11 period)</i> |
|----------------------------------|-------------------------|--|
| Energy Data Company              | Energy Data Company Ltd |  |
| First Utility Ltd                | First Utility Ltd       |  |
| Garsington Energy Ltd            | Opus Energy             |  |
| Good Energy Ltd                  | Good Energy Ltd         |  |
| Opus Energy                      | Opus Energy             |  |
| SmartestEnergy Ltd               | SmartestEnergy Ltd      |  |
| The Renewable Energy Company Ltd | Ecotricity              |  |
| Tradelink Solutions Ltd          | TradeLink Solutions Ltd |  |
| Winnington Networks Ltd          | Winnington Networks Ltd |  |

**Non-FIT licensees**

| <b><i>Licence</i></b>              | <b><i>Company</i></b>            | <b><i>Notes (covering the 2010-11 period)</i></b> |
|------------------------------------|----------------------------------|---|
| 730 Energy Ltd                     | Affinity Power                   | Licence was revoked in December                   |
| Abacus Finance Ltd                 | Abacus Finance Ltd               |   |
| Affinity Power Ltd                 | Affinity Power                   | Licence was revoked in December                   |
| AMRECS LLC                         | AMRECS LLC                       |   |
| BES Commercial Electricity Ltd     | BES Commercial Electricity Ltd   |   |
| Better Business Energy Ltd         | Better Business Energy Ltd       |   |
| Blizzard Utilities Ltd             | Blizzard Utilities Ltd           |   |
| BP Power Trading Ltd               | BP Trading                       |   |
| Brilliant Energy Ltd               | Brilliant Energy Ltd             |   |
| British Energy Direct Ltd          | British Energy Direct Ltd        |   |
| Business Energy Solutions Ltd      | Business Energy Solutions Ltd    | New Licence (Granted February)                    |
| Caboodle Energy Ltd                | Caboodle Energy Ltd              | Licence was revoked in March                      |
| Candela Energy Supply Ltd          | Candela Energy Supply Ltd        |   |
| Cherwell Energy Ltd/Opus Corporate | Opus Energy                      |   |
| Citigen (London) Ltd               | E.On                             | Licence was revoked in December                   |
| Co-Operative Energy Ltd            | The Midcounties Co-operative Ltd | Licence changed ownership (December)              |
| Donnington Energy Ltd              | Opus Energy                      |   |
| Dual Energy Direct Ltd             | Dual Energy Direct Ltd           |   |
| E.ON UK Plc                        | E.ON UK Plc                      |   |
| Ecotrade Solutions Ltd             | Ecotrade Solutions Ltd           |   |
| Electricity Direct (UK) Ltd        | British Gas/Centrica             |   |
| Eneco energy Trade BV              | Eneco energy Trade BV            |   |
| Energy 2 Sell Ltd                  | Energy 2 Sell Ltd                |   |
| Energy Co2 Ltd                     | Energy Co2 Ltd                   | Licence was revoked in December                   |
| Energy COOP Ltd                    | Energy COOP Ltd                  |   |
| Essential Power Ltd                | Essential Power Ltd              | Licence was revoked in December                   |
| Eucalyptus Worldwide Ltd           | Eucalyptus Worldwide Ltd         | Licence was revoked in December                   |
| Evenlode Energy Ltd                | Opus Energy                      |   |
| Farmoor Energy Ltd                 | Opus Energy                      |   |
| Finotec Trading (Cyprus) Ltd       | Finotec Trading (Cyprus) Ltd     |   |
| Finotec Trading UK Ltd             | Finotec Trading (Cyprus) Ltd     |   |

|   |  |                                  |
|---|--|----------------------------------|
| Gazprom Marketing & Trading Retail Ltd        | Gazprom Marketing & Trading Retail Ltd   |                                  |
| GDF Suez Marketing Ltd                        | GDF Suez Marketing Ltd                   |                                  |
| Haven Power Ltd                               | Haven Power Ltd                          |                                  |
| Home Counties Energy Plc                      | Home Counties Energy Plc                 |                                  |
| Immingham CHP LLP                             | Immingham CHP LLP                        |                                  |
| Ineos Chlor Energy Ltd                        | Ineos Chlor Energy Ltd                   | Licence was revoked in September |
| International Power Plc                       | International Power Plc                  | Licence was revoked in December  |
| International Power Retail Supply Company Ltd | International Power Plc                  | Licence was revoked in March     |
| IPM Energy Retail Ltd                         | International Power Plc                  |                                  |
| KO Brokers Ltd                                | KO Brokers Ltd                           |                                  |
| Lourdes Associates Ltd                        | Lourdes Associates Ltd                   |                                  |
| Lovely Energy Ltd                             | Lovely Energy Ltd                        |                                  |
| Lumen Energy Supply Ltd                       | Lumen Energy Supply Ltd                  |                                  |
| MA Energy Ltd                                 | MA Energy Ltd                            |                                  |
| Metonomi Ltd                                  | Metonomi Ltd                             |                                  |
| Morgan Stanley Capital Group Inc              | C/O Morgan Stanley International Ltd     |                                  |
| OVO Electricity Ltd                           | OVO Electricity Ltd                      |                                  |
| Pan-Utility Ltd                               | Pan-Utility Ltd                          |                                  |
| Power 4 All Ltd                               | Texas Retail Energy, LLC                 |                                  |
| Primary Connections Ltd                       | Primary Connections Ltd                  | Licence was revoked in December  |
| R Electrics Ltd                               | R Electrics Ltd                          | New Licence (Granted February)   |
| RBS Sempra Energy Europe Ltd                  | RBS Sempra Energy Europe Ltd             |                                  |
| Reuben Power Supply Ltd                       | Reuben Power Supply Ltd                  |                                  |
| Rocpower Ltd                                  | Rocpower Ltd                             | New Licence (Granted February)   |
| S. C. Isramart SRL                            | S. C. Isramart SRL                       |                                  |
| Slough Energy Supplies Ltd                    | Slough Heat and Power                    | Licence was revoked in December  |
| SME Energy Ltd                                | Affinity Power                           | Licence was revoked in December  |
| Spark Energy Supply Ltd                       | Spark Energy Supply Ltd                  |                                  |
| Statkraft Markets GmbH                        | Statkraft UK Ltd                         |                                  |
| Team Gas and Electricity Ltd                  | Team Gas and Electricity Ltd             |                                  |
| Telecom Plus PLC                              | Telecom Plus PLC                         | Licence was revoked in December  |
| The Nuclear Decommissioning Authority         | The Nuclear Decommissioning Authority    |                                  |
| The Royal Bank of Scotland Plc                | RBS Sempra Energy Europe Ltd             |                                  |
| The Utilities Intermediaries Association      | The Utilities Intermediaries Association |                                  |



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|                               |                               |                                 |
|-------------------------------|-------------------------------|---------------------------------|
| Total Gas & Power Ltd         | Total Gas and Power Ltd       |                                 |
| UK Healthcare Corporation Ltd | UK Healthcare Corporation Ltd |                                 |
| Universal Management (UK) Ltd | Universal Management (UK) Ltd |                                 |
| Utilita Electricity Ltd       | Utilita Electricity Ltd       |                                 |
| Utilitease Ltd                | Affinity Power                | Licence was revoked in December |
| Wilton Energy Ltd             | Wilton Energy Ltd             |                                 |

## Appendix 2 – Non-compliant Licensees

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### **Licensees that did not supply levelisation data**

The following Voluntary and Non-FIT Licensees did not supply levelisation data for one (or more) of the quarterly levelisation processes, or the annual levelisation process.

- Caboodle Energy Ltd – (Revoked)
- Eneco energy Trade BV
- Essential Power Ltd – (Revoked)
- Eucalyptus Worldwide Ltd
- Ineos Chlor Energy Ltd – (Revoked)
- Primary Connections Ltd – (Revoked)
- S. C. Isramart SRL
- Team Gas and Electricity Ltd
- Abacus Finance Ltd
- AMRECS LLC
- Better Business Energy Ltd
- Home Counties Energy Plc
- Pan-Utility Ltd
- Blizzard Utilities Ltd
- Ecotrade Solutions Ltd
- Finotec Trading (Cyprus) Ltd
- Finotec Trading UK Ltd
- Winnington Networks Ltd
- Brilliant Energy Ltd
- Business Energy Solutions Ltd
- KO Brokers Ltd
- Lourdes Associates Ltd
- Rocpower Ltd
- UK Healthcare Corporation Ltd
- Universal Management (UK) Ltd/Universal Bioenergy Ltd

Elxon have confirmed to Ofgem that all the above Licensees were either dormant licensees or did not supply electricity for the entirety of the first FIT year. Additionally a number of these suppliers had their electricity supply licences revoked during the year. This means that although they did not submit levelisation information, as they supplied zero electricity they had no financial impact on the FIT scheme.

### **Licensees providing levelisation information late**

The below Licensees did not supply levelisation data to Ofgem until after the deadline for data submission, in one (or more) of the quarterly levelisation processes or the annual levelisation process. [The below Licensees are all non-FIT Licensees apart from Winnington Networks].

- BES Commercial Electricity Ltd

- Better Business Energy Ltd
- Blizzard Utilities Ltd
- Energy Co2 Ltd
- UK Healthcare Corporation Ltd
- Ecotrade Solutions Ltd
- Finotec Trading (Cyprus) Ltd
- Finotec Trading UK Ltd
- RBS Sempra Energy Europe Ltd
- The Royal Bank of Scotland Plc
- Utilita Electricity Ltd
- Winnington Networks Ltd
- Eneco energy Trade BV
- MA Energy Ltd
- Metonomi Ltd
- The Utilities Intermediaries Association
- 'Volt Energy Supply Ltd', who became 'Co-Operative Energy Ltd'

### **FIT Licensees making late payments into the levelisation fund**

Licensees that did not make levelisation payments by the deadline in one (or more) of the quarterly levelisation processes or the annual levelisation process, but submitted the payments late, are given below:

- Immingham CHP LLP
- Scottish Power Energy Retail
- British Gas Trading Ltd
- Dual Energy Direct Ltd
- MA Energy Ltd
- Spark Energy Supply Ltd
- Co-Operative Energy Ltd
- Haven Power Ltd
- International Power Plc
- Statkraft UK Ltd
- The Nuclear Decommissioning Authority
- Gaz de France Marketing Ltd
- Smartest Energy
- Renewable Energy Company Ltd (Ecotricity)
- BP Power Trading Ltd

## Appendix 3 – Regional growth in installations by quarter and technology

| <b>East Midlands</b> |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| Technology           | No. Installations Q1 | No. Installations Q2 | No. Installations Q3 | No. Installations Q4 |
| Hydro                | 0                    | 2                    | 3                    | 1                    |
| Photovoltaic         | 241                  | 676                  | 544                  | 941                  |
| Wind                 | 2                    | 43                   | 20                   | 15                   |
| Micro CHP            | 0                    | 1                    | 0                    | 6                    |
| Anaerobic digestion  | 0                    | 0                    | 0                    | 0                    |
| <b>Total</b>         | <b>243</b>           | <b>722</b>           | <b>567</b>           | <b>963</b>           |

| <b>East of England</b> |                      |                      |                      |                      |
|------------------------|----------------------|----------------------|----------------------|----------------------|
| Technology             | No. Installations Q1 | No. Installations Q2 | No. Installations Q3 | No. Installations Q4 |
| Hydro                  | 0                    | 2                    | 3                    | 0                    |
| Photovoltaic           | 313                  | 979                  | 1035                 | 1610                 |
| Wind                   | 2                    | 43                   | 20                   | 20                   |
| Micro CHP              | 0                    | 0                    | 2                    | 8                    |
| Anaerobic digestion    | 0                    | 0                    | 1                    | 0                    |
| <b>Total</b>           | <b>315</b>           | <b>1024</b>          | <b>1061</b>          | <b>1638</b>          |

| <b>London</b>       |                      |                      |                      |                      |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Technology          | No. Installations Q1 | No. Installations Q2 | No. Installations Q3 | No. Installations Q4 |
| Hydro               | 0                    | 0                    | 0                    | 0                    |
| Photovoltaic        | 126                  | 419                  | 279                  | 407                  |
| Wind                | 0                    | 1                    | 2                    | 1                    |
| Micro CHP           | 0                    | 0                    | 1                    | 5                    |
| Anaerobic digestion | 0                    | 0                    | 0                    | 0                    |
| <b>Total</b>        | <b>126</b>           | <b>420</b>           | <b>282</b>           | <b>413</b>           |

| <b>North East</b>   |                      |                      |                      |                      |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Technology          | No. Installations Q1 | No. Installations Q2 | No. Installations Q3 | No. Installations Q4 |
| Hydro               | 0                    | 3                    | 0                    | 1                    |
| Photovoltaic        | 69                   | 122                  | 114                  | 237                  |
| Wind                | 2                    | 19                   | 12                   | 10                   |
| Micro CHP           | 0                    | 0                    | 0                    | 2                    |
| Anaerobic digestion | 0                    | 0                    | 0                    | 0                    |
| <b>Total</b>        | <b>71</b>            | <b>144</b>           | <b>126</b>           | <b>250</b>           |

| <b>North West</b>   |                      |                      |                      |                      |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Technology          | No. Installations Q1 | No. Installations Q2 | No. Installations Q3 | No. Installations Q4 |
| Hydro               | 0                    | 7                    | 5                    | 4                    |
| Photovoltaic        | 147                  | 324                  | 370                  | 725                  |
| Wind                | 4                    | 48                   | 24                   | 18                   |
| Micro CHP           | 0                    | 1                    | 4                    | 3                    |
| Anaerobic digestion | 0                    | 0                    | 0                    | 0                    |
| <b>Total</b>        | <b>151</b>           | <b>380</b>           | <b>403</b>           | <b>750</b>           |

| <b>Scotland</b>     |                      |                      |                      |                      |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Technology          | No. Installations Q1 | No. Installations Q2 | No. Installations Q3 | No. Installations Q4 |
| Hydro               | 3                    | 37                   | 12                   | 17                   |
| Photovoltaic        | 74                   | 211                  | 154                  | 390                  |
| Wind                | 33                   | 203                  | 114                  | 138                  |
| Micro CHP           | 0                    | 0                    | 0                    | 5                    |
| Anaerobic digestion | 0                    | 0                    | 0                    | 0                    |
| <b>Total</b>        | <b>110</b>           | <b>451</b>           | <b>280</b>           | <b>550</b>           |

### South East

| Technology          | No. Installations Q1 | No. Installations Q2 | No. Installations Q3 | No. Installations Q4 |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Hydro               | 0                    | 3                    | 1                    | 3                    |
| Photovoltaic        | 584                  | 1920                 | 1191                 | 2342                 |
| Wind                | 1                    | 19                   | 15                   | 12                   |
| Micro CHP           | 0                    | 2                    | 5                    | 23                   |
| Anaerobic digestion | 0                    | 0                    | 0                    | 0                    |
| <b>Total</b>        | <b>585</b>           | <b>1944</b>          | <b>1212</b>          | <b>2380</b>          |

### South West

| Technology          | No. Installations Q1 | No. Installations Q2 | No. Installations Q3 | No. Installations Q4 |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Hydro               | 0                    | 23                   | 14                   | 7                    |
| Photovoltaic        | 528                  | 1591                 | 1084                 | 2153                 |
| Wind                | 4                    | 90                   | 39                   | 44                   |
| Micro CHP           | 0                    | 0                    | 1                    | 9                    |
| Anaerobic digestion | 0                    | 0                    | 1                    | 1                    |
| <b>Total</b>        | <b>532</b>           | <b>1704</b>          | <b>1139</b>          | <b>2214</b>          |

### Wales

| Technology          | No. Installations Q1 | No. Installations Q2 | No. Installations Q3 | No. Installations Q4 |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Hydro               | 0                    | 24                   | 7                    | 8                    |
| Photovoltaic        | 86                   | 310                  | 271                  | 504                  |
| Wind                | 3                    | 53                   | 22                   | 17                   |
| Micro CHP           | 0                    | 0                    | 1                    | 4                    |
| Anaerobic digestion | 0                    | 0                    | 0                    | 0                    |
| <b>Total</b>        | <b>89</b>            | <b>387</b>           | <b>301</b>           | <b>533</b>           |

### West Midlands

| Technology          | No.<br>Installations<br>Q1 | No.<br>Installations<br>Q2 | No.<br>Installations<br>Q3 | No.<br>Installations<br>Q4 |
|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Hydro               | 0                          | 3                          | 0                          | 1                          |
| Photovoltaic        | 155                        | 454                        | 519                        | 817                        |
| Wind                | 3                          | 21                         | 20                         | 7                          |
| Micro CHP           | 0                          | 1                          | 0                          | 8                          |
| Anaerobic digestion | 0                          | 0                          | 0                          | 0                          |
| <b>Total</b>        | <b>158</b>                 | <b>479</b>                 | <b>539</b>                 | <b>833</b>                 |

### Yorkshire and The Humber

| Technology          | No.<br>Installations<br>Q1 | No.<br>Installations<br>Q2 | No.<br>Installations<br>Q3 | No.<br>Installations<br>Q4 |
|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Hydro               | 1                          | 4                          | 2                          | 2                          |
| Photovoltaic        | 375                        | 808                        | 1104                       | 1253                       |
| Wind                | 7                          | 91                         | 42                         | 35                         |
| Micro CHP           | 0                          | 0                          | 3                          | 5                          |
| Anaerobic digestion | 0                          | 0                          | 0                          | 0                          |
| <b>Total</b>        | <b>383</b>                 | <b>903</b>                 | <b>1151</b>                | <b>1295</b>                |

## Appendix 4 – The Authority’s powers and duties

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1.1. Ofgem is the Office of Gas and Electricity Markets which supports the Gas and Electricity Markets Authority (“the Authority”), the regulator of the gas and electricity industries in Great Britain. This appendix summarises the primary powers and duties of the Authority. It is not comprehensive and is not a substitute to reference to the relevant legal instruments (including, but not limited to, those referred to below).

1.2. The Authority’s powers and duties are largely provided for in statute (such as the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Acts of 2004, 2008 and 2010) as well as arising from directly effective European Community legislation.

1.3. References to the Gas Act and the Electricity Act in this appendix are to Part 1 of those Acts.<sup>6</sup> Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This appendix must be read accordingly.<sup>7</sup>

1.4. The Authority’s principal objective is to protect the interests of existing and future consumers in relation to gas conveyed through pipes and electricity conveyed by distribution or transmission systems. The interests of such consumers are their interests taken as a whole, including their interests in the reduction of greenhouse gases and in the security of the supply of gas and electricity to them.

1.5. The Authority is generally required to carry out its functions in the manner it considers is best calculated to further the principal objective, wherever appropriate by promoting effective competition between persons engaged in, or commercial activities connected with,

- the shipping, transportation or supply of gas conveyed through pipes;
- the generation, transmission, distribution or supply of electricity;
- the provision or use of electricity interconnectors.

1.6. Before deciding to carry out its functions in a particular manner with a view to promoting competition, the Authority will have to consider the extent to which the interests of consumers would be protected by that manner of carrying out those functions and whether there is any other manner (whether or not it would promote competition) in which the Authority could carry out those functions which would better protect those interests.

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<sup>6</sup> Entitled “Gas Supply” and “Electricity Supply” respectively.

<sup>7</sup> However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act.

1.7. In performing these duties, the Authority must have regard to:

- the need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
- the need to secure that all reasonable demands for electricity are met;
- the need to secure that licence holders are able to finance the activities which are the subject of obligations on them<sup>8</sup>; and
- the need to contribute to the achievement of sustainable development.

1.8. In performing these duties, the Authority must have regard to the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.<sup>9</sup>

1.9. Subject to the above, the Authority is required to carry out the functions referred to in the manner which it considers is best calculated to:

- promote efficiency and economy on the part of those licensed<sup>10</sup> under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems; protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity; and secure a diverse and viable long-term energy supply, and shall, in carrying out those functions, have regard to the effect on the environment.

1.10. In carrying out these functions the Authority must also have regard to:

- the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
- certain statutory guidance on social and environmental matters issued by the Secretary of State.

1.11. The Authority may, in carrying out a function under the Gas Act and the Electricity Act, have regard to any interests of consumers in relation to communications services and electronic communications apparatus or to water or sewerage services (within the meaning of the Water Industry Act 1991), which are affected by the carrying out of that function.

1.12. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the

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<sup>8</sup> Under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Acts in the case of Electricity Act functions.

<sup>9</sup> The Authority may have regard to other descriptions of consumers.

<sup>10</sup> Or persons authorised by exemptions to carry on any activity.

legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation<sup>11</sup> and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

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<sup>11</sup> Council Regulation (EC) 1/2003

## Appendix 5 - Glossary

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|                                |   |
|--------------------------------|---|
| “Accredited FITs Installation” | means an Eligible Installation which the Authority has both determined is suitable for participation in the FITs and entered onto the Central FITs Register in accordance with the FITs Order 2010;   |
| “Central FITs Register”        | means the register kept and maintained by the Authority for the purpose of recording details of FITs Generators, FITs Installations and other such matters relating to the FITs;  |
| “Commissioned”                 | means, in relation to an Eligible Installation, the completion of such procedures and tests as constitute, at the time they are undertaken, the usual industry standards and practices for commissioning that type of Eligible Installation in order to demonstrate it is capable of operation;   |
| “Confirmation Date”            | means the date on which the FITs Generator is entered onto the Central FITs Register by the Authority, such that its Eligible Installation becomes an Accredited FITs Installation;   |
| “Deemed Export”                | means Export from an Accredited FITs Installation which may be deemed to be a percentage of the equivalent Generation Meter Reading from the same Accredited FITs Installation and period, in the event it is not possible or practical to measure it by way of Export Meter Readings, to be determined in accordance with the methodology determined by the Secretary of State as set out in the FITs Order 2010;                |
| “Eligibility Date”             | means the date as regards a particular Eligible Installation from which eligibility for FITs Payments commences which shall be the later of the date:<br>(a) as applicable, of<br>(i) receipt by the Authority of a FITs Generator’s written request for ROO-FITs Accreditation in a form acceptable to the Authority; or<br>(ii) receipt by a FIT Licensee of a FITs Generator’s written request for MCS-certified Registration; |

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|                                     | (b) on which the Eligible Installation is Commissioned; or<br>(c) of Implementation;   |
| “Eligibility Period”                | means the maximum period during which a FITs Generator can receive FITs 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;  |
| “Eligible Installation”             | means, on a Site, any Installation owned by a FITs Generator capable of producing Small-scale Low-carbon Generation from the same type of Eligible Low-carbon Energy Source, the Total Installed Capacity of which does not exceed the specified maximum Declared Net Capacity;  |
| “Eligible Low-carbon Energy Source” | means the following sources of energy or technology:<br>anaerobic digestion, as defined in the ROO;<br>hydro generating station, as defined in the ROO;<br>combined heat and power with an electrical capacity of 2kW or less;<br>solar photovoltaic;<br>wind,<br>which may be amended from time to time by the Secretary of State insofar as the scope remains consistent with the sources of energy and technologies identified in s.41(5) EA08; |
| “Export”                            | means the flow of electricity at any instant in time from an Eligible Installation onto a distribution system or transmission system and, if the FIT Licensee so elects, accounted for in settlement in accordance with the BSC, and Export used as a verb shall be construed accordingly;   |
| “Export Payment”                    | means the sum paid to the FITs Generator or Nominated Recipient, as applicable, by a FIT Licensee, for FITs Export in any period, calculated by reference to the Export Tariff and Export Meter Reading or Deemed Export Reading;  |

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| “Export Tariff”      | means the payment rate per kilowatt hour for FITs Export from an Accredited FITs Installation as set out in the FITs Payment Rate Table at Annex 2 of Schedule A to Standard Condition 33 of the Electricity Supply Licence;                                     |
| “Extension”          | means a modification to an Accredited FITs Installation to increase its Total Installed Capacity from the same Eligible Low-carbon Energy Source, and Extend as a verb shall be construed accordingly;   |
| “FITs Generator”     | means the Owner, identified as such in the Central FITs Register, of an Eligible Installation used or intended to be used for Small-scale Low-carbon Generation, whether or not that person is also operating or intending to operate the Eligible Installation; |
| “FIT Licensee”       | means the collective term for Mandatory FIT Licensees and Voluntary FIT Licensees;   |
| “FITs Order”         | means an order made in accordance with sections 43(3) and 41(1) EA08;  |
| “FITs Payments”      | means, as applicable, the Generation Payments and/or Export Payments;  |
| “FITs Scheme”        | means the scheme for feed-in tariffs introduced in accordance with sections 41 to 43 EA08, as set out in Standard Condition 33 of the Electricity Supply Licence, and Schedule A to Standard Condition 33 of the Electricity Supply Licence;                     |
| “FITs Year”          | means the year commencing on 1st April and ending on 31st March numbered sequentially from FITs Year 1 (being 1st April 2010 to 31st March 2011) to FIT Year 11;   |
| “Generation Payment” | means the sum paid to the FITs Generator or Nominated Recipient, as applicable, by a FIT Licensee, for the electricity generated by Accredited FITs Installations in any period, calculated by reference to the Generation Tariff and Generation Meter Readings; |

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| “Levelisation Payment”       | means the payment required to be made by a FIT Licensee to the Authority or by the Authority to the FIT Licensee, in accordance with the Levelisation Process as determined in the FITs Order 2010;  |
| “Levelisation Process”       | means the process by which the total cost of the FITs Order 2010 Scheme is allocated between Licensed Electricity Suppliers in proportion to the size of their share in the electricity supply market of Great Britain, as determined in accordance with the FITs Order 2010;  |
| “Mandatory FIT Licensee”     | means a Licensed Electricity Supplier which either:<br>supplies electricity to at least 50,000 domestic customers; or<br>together with its Affiliates jointly supplies electricity to at least 50,000 domestic customers,<br>as at 31 December before the start of each FITs Year; and effective on and from the 1 April of the current FITs Year; |
| “MCS-certified Installation” | means an Eligible Installation using an MCS-FITs Technology which has been recognised by MCS or equivalent as satisfying relevant equipment and installation standards;  |
| “Migrated ROO Generator”     | means a Generator whose generation installation was accredited under the ROO as at Implementation and who notifies the Authority , or, as the case may be, a FIT Licensee, of their intention to participate in the FITs and whose Eligible Installation is subsequently accredited by the Authority in accordance with the FITs Order 2010;       |
| “Original FITs Installation” | means a person appointed by a FITs Generator to receive FITs Payments in respect of an Accredited FIT Installation owned by that FITs Generator and recorded as such on the FITs Central Register;   |

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| “Owner”                             | means, in relation to any Installation which is the subject of a hire purchase agreement, a conditional sale agreement or any agreement of a similar nature, the person in possession of the Plant under that agreement, and in all other contexts it shall bear its ordinary meaning, Owned as a verb shall be construed accordingly;  |
| “Site”                              | means the premises to which are attached one or more Accredited FITs Installations or Eligible Installations in close geographical proximity to each other, to be determined as required by the Authority by reference to: the relevant Meter Point Administration Number (MPAN) for electricity supply; Installation Location address including postcode; or OS grid reference; and any other factors which the Authority at its discretion views as relevant; |
| “Small-scale Low-carbon Generation” | means the use, for the generation of electricity, of any Plant: which, in generating electricity, relies wholly or mainly on an Eligible Low-carbon Energy Source; and the Total Installed Capacity of which does not exceed the specified maximum Declared Net Capacity;   |
| “Specified Maximum Capacity”        | means the maximum capacity specified in the FITs Order 2010;  |
| “Tariff Code”                       | means a code allocated to each Accredited FITs Installation identifying the: FITs Year in which the Eligibility Date falls; Eligible Low-carbon Energy Source; and other characteristics relevant to the Accredited FITs Installation;  |
| “Total Installed Capacity”          | means the maximum capacity at which an Eligible Installation could be operated for a sustained period without causing damage to it (assuming the Eligible Low-carbon Energy Source was available to it without interruption), a declaration of which is submitted as part of the processes of ROO-FITs Accreditation and MCS-certified Registration;  |



“Voluntary FIT Licensee”

means a licensee which is not a Mandatory FIT Licensee but which voluntarily elects to participate in making FITs Payments under the FITs.

## Appendix 6 - Feedback

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We would welcome your feedback on this report, including the length of the document and the content. Please address your feedback to [dale.winch@ofgem.gov.uk](mailto:dale.winch@ofgem.gov.uk). You may wish to respond to the following questions in giving your feedback.

### Overall

- Is the report too long, or too short?
- Is the report easy to read and understand? If not, can you please tell us what you would like to change?
- Is the report structured in a way that you can easily find what you are looking for. If not, what can we do to improve this?

### Main document

- What part of this report do you find most helpful?
- What part of this report do you find least helpful?
- Do you think the charts convey information clearly, or not? If not, what do you dislike about the charts? What can we do to improve our charts?

### Appendices

- Do you think the appendices contain too much information, or too little?
- If too much, which elements are least helpful?
- If too little, what other information would you like to see contained in the appendices?

### How we will deal with your feedback

This Annual Report is published under the requirements set out in the FIT legislation. It contains information that we are required to publish. It also contains information that we believe stakeholders will find useful.

We will endeavour to incorporate all comments into the report. However, we must ensure the content of the report meets the requirements of the FIT legislation. As such, we may not be able to incorporate all comments.

### Freedom of Information Act 2000

As a public authority, Ofgem is subject to the provisions of the Freedom of Information Act 2000. Accordingly, any information submitted to a public authority may need to be disclosed under the Act. If you consider that any of the information you provide is commercially sensitive, please mark it as such and explain what harm may result from its disclosure. Please be aware that Ofgem may be obliged under the Act to release information marked as commercially sensitive.