

Feed-in Tariff Update

www.ofgem.gov.uk

June 2013

Issue 12

In this quarterly report we provide a summary of the statistics for the fourth quarter of FIT Year 3 (1 January – 31 March 2013) and a statistical overview of FIT activity since the start of scheme until the end of FIT Year 3. This report also gives a policy update of key changes to the scheme in FIT Year 3.

The Feed-in Tariff (FIT) scheme

- The FIT scheme is a Government Programme introduced on 1 April 2010 and designed to promote the uptake of a number of small-scale renewable and low-carbon electricity generation technologies.
- It is available through licensed electricity suppliers and requires some of them (FIT Licensees) to pay tariffs to generators for renewable and low-carbon electricity generated and exported.
- FIT Licensees are responsible for registering eligible installations, processing generation and export data and making FIT payments.
- Ofgem is responsible for the administration of the FIT scheme, while the Department of Energy and Climate Change (DECC) is responsible for the policy.

Policy changes in FIT Year 3 (1 April 2012 - 31 March 2013)

There have been a number of changes to FIT policy over FIT Year 3, which have been introduced by the Department of Energy and Climate Change (DECC) as part of the FIT Comprehensive Review consultation phases. **Phase 1** of the review saw the enactment of changes to small-scale Solar photovoltaics (PV), including introduction of an energy efficiency requirement for certain installations and new multi-installation tariffs. **Phase 2A** saw the amendment of Solar PV tariffs from 1 August 2012, in addition to amendments to both the export tariff and eligibility period for new Solar PV installations. Phase 2A also oversaw the introduction of a

quarterly degression mechanism for Solar PV installations from 1 November 2012. **Phase 2B** saw changes to all other technologies, including the confirmation of new tariffs for Anaerobic Digestion, Hydro, Micro-CHP and Wind. In addition the review introduced a tariff degression mechanism for those technologies from 1 April 2014 and the introduction of preliminary accreditation for all technologies above a 50kW Total Installed Capacity. Phase 2B also launched a tariff guarantee mechanism for PV community energy installations, and a relaxation of the energy efficiency requirement for community energy and school installations.

FIT Key statistics: End of FIT Year 3

- ▶ A total of 379,530 renewable installations have been registered under the scheme as of 31 March 2013.
- ▶ 1,792.46MW of Total Installed Capacity has been registered under FIT as of 31 March 2013.
- ▶ A total of £93,239,267.73 in FIT payments was due to generators for the quarter 4 January to 31 March 2013.
- ▶ For further information, please refer to section 'FIT activity: End of FIT Year 3'

FIT Statistics for Fourth Quarter (1 January – 31 March 2013)

The figures used in this report are based on FIT installation figures extracted from Ofgem’s Central FIT Register. For statistics regarding Microgeneration Certification Scheme figures please refer to the DECC website (www.gov.uk/government/organisations/department-of-energy-climate-change/series/feed-in-tariff-statistics).

Almost 380,000 installations have been registered under the FIT scheme since its introduction on 1 April 2010. A total of 21,260 installations have been registered in this quarter (1 January – 31 March 2013). This is the lowest number of registered installations since April 2011 to June 2011 when there were 14,791 installations registered. Installations registered this quarter account for only 5.6 percent of the total installations in the scheme and 16 percent of

installations in this FIT year (1 April 2012 – 31 March 2013). In this period 137.5MW of Installations were registered on to the Central FIT Register. This corresponds to 7.7 percent of Total Installed Capacity under the scheme. This is the lowest quarterly uptake in capacity since April 2011 to June 2011 (3 percent of Total Installed Capacity) and is almost one fifth less than the previous quarter’s uptake (169.5MW).

Table 1 illustrates the breakdown of installations registered over the last year by quarter and technology. This table shows a quarter on quarter decrease in the number of installations registered over the previous 6 months. This highlights the impact of elements of the Comprehensive Review of the FIT scheme.

Table 1: Number of registered FIT installation by Quarter Figures are subject to change

	FIT year 3 (By Quarter)				Total FIT year 3
	Apr – Jun 2012	Jul – Sep 2012	Oct – Dec 2012	Jan – Mar 2013	
Hydro	31	35	16	19	101
Micro-CHP	15	30	20	18	83
Photovoltaic	37,134	43,658	27,982	20,643	129,417
Wind	476	453	733	569	2,231
Anaerobic digestion	5	9	7	11	32
Total	37,661	44,185	28,758	21,260	131,864

Of the total of 21,260 installations registered between 1 January to 31 March 2013 the largest proportion consists of Solar PV installations, at more than 97 percent (20,643) of all registered installations. Anaerobic Digestion installations registered in this period was 11, which although substantially lower than other technologies, represents the highest number registered in a quarter since the start of the scheme.

Chart 1: Total installed capacity by technology type for 1 April 2010 - 31 March 2013

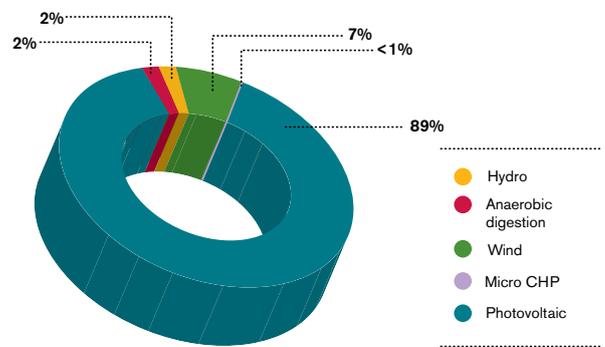


Table 1 also shows that following a large increase in the number of Wind installations in the October to December 2012 period, the number of Wind installations in the most recent quarter has now returned to a level more in line with previous quarters of this year.

Chart 1 highlights the continued impact of photovoltaic installations, at 89 percent of Total Installed Capacity. Wind installations constitute 7 percent of the Total Installed Capacity, while both Anaerobic Digestion and Hydro installations make up 2 percent each of the total. The remaining capacity of less than 1 percent is made up of Micro-CHP installations.

FIT Activity: End of FIT Year 3 Overall uptake

Chart 2: Registered FIT installations by number and Total Installed capacity (1 April 2010 - 31 March 2013)

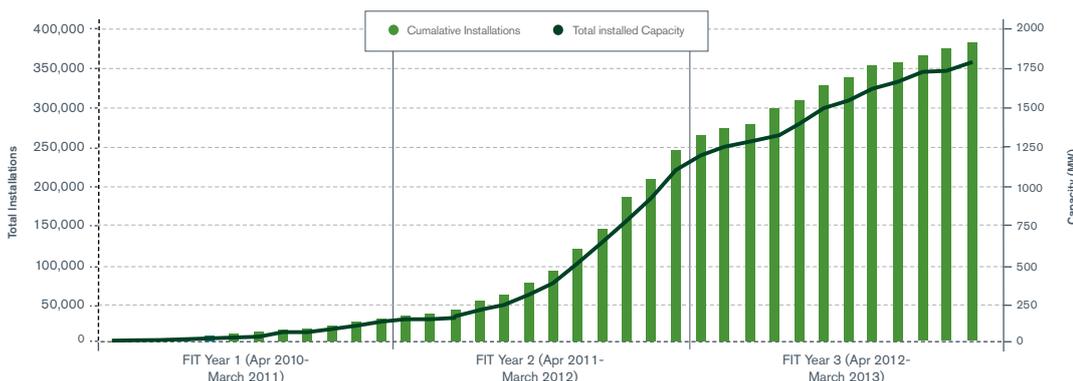


Chart 2 illustrates the cumulative growth in both the number of installations and Total Installed Capacity registered under the scheme. The chart highlights the change in registration trends across the scheme since April 2010. Of note is the relatively uniform uptake of installations across the scheme over the last twelve months.

Average capacity

Chart 2 shows that newly registered capacity is increasing faster than the number of installations being registered. This highlights that the average capacity of installations has increased over time.

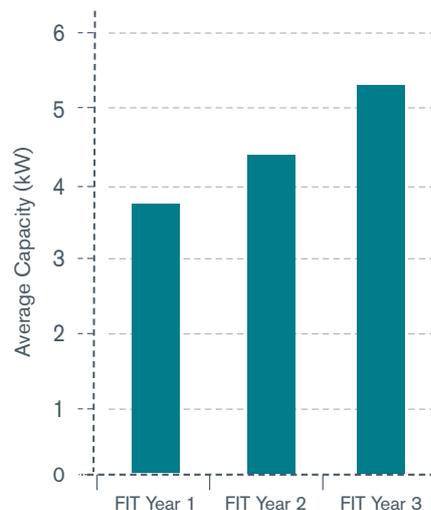
Chart 3 demonstrates the change in the average Total Installed Capacity of installations year on year. The average Total Installed Capacity of an installation has risen from 3.74 kW in FIT Year 1 to 5.33 kW in the latest FIT Year. Closer inspection of these figures shows that the average FIT MCS accredited PV installation has increased from 2.7 kW in the first year of the scheme to 4.06 kW for installations registered in the latest FIT year (April 2012-March 2013).

98.6 percent of the total installations registered under the FIT scheme are photovoltaic installations, however; these comprise of only 88.45 percent of the Total Installed Capacity of the scheme. Conversely, Wind installations make up 1.2 percent of the total registered installations however they comprise of 7.4 percent of the Total Installed Capacity of the scheme. Closer inspection of these figures shows that installation numbers for Anaerobic Digestion have increased each year, and those for Wind and Hydro have increased over the latest FIT Year. In contrast, there has been a drop in the number of newly registered Photovoltaic and Micro-CHP installations in FIT Year 3, when compared to the previous year.

Year on Year

131,864 installations were registered in the last scheme year (April 2012- March 2013). This relates to just over a third (34.7%) of the total installations registered since the start of the scheme. The capacity installed in this year was 702.9MW, or just under two fifths of the total capacity (39.2%).

Chart 3: Shows the average Total Installed Capacity (kW) per FIT year.



Regional Breakdown of FIT Activity

Figure 1: Regional breakdown of installed capacity by technology (MW)

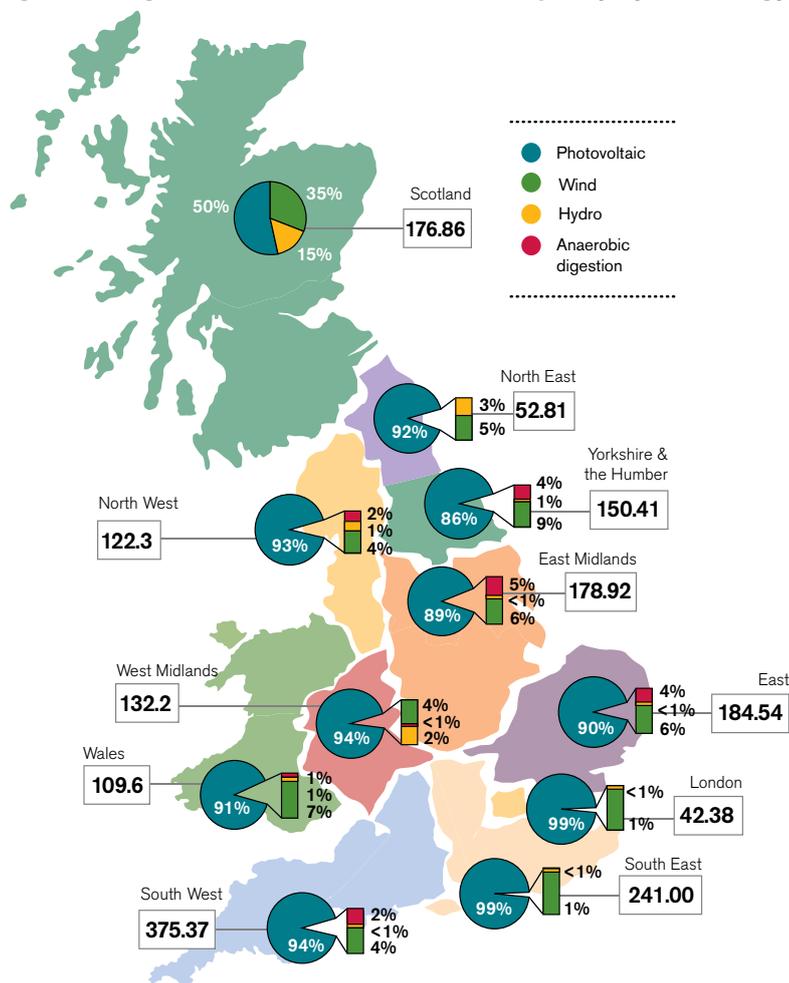


Figure 1 demonstrates that the South of England has the highest Total Installed Capacity at 375.37MW for the South West and 241MW for the South East. In all other regions of Great Britain, with the exception of London and the North East, a relatively even share of Total Installed Capacity can be found distributed throughout. Solar Photovoltaic installations make up more than 85 percent of the Total Installed Capacity in each region except for Scotland, where it accounts for 50%, with Wind and Hydro accounting for 35 percent and 15 percent respectively.

Scotland has the highest percentage of Wind installations of any region in Great Britain. The average size of the Wind turbines installed in Scotland is 33.5kW, whereas the average size of Wind installations in Wales and England is approximately 26 kW. Scotland also holds the largest average capacity of Hydro plants, with an average capacity of 240MW. England has a higher than average Solar PV capacity per installation (4.3 kW) compared to Wales (3.60 kW) and Scotland (3.59 kW).

Micro-CHP installations have been accredited in all regions across Great Britain; however as of 31 March 2013 the Total Installed Capacity of the installations was 450kW, which represents approximately 0.03 percent of capacity under the FIT Scheme.

Chart 4: Regional breakdown of registered installations



Chart 4 focuses on the regional breakdown of installations and capacity under the FIT scheme to 31 March 2013. When compared with the last quarter, the South West region still remains as the holder of the highest number of FIT registered installations (17.3 percent of all installations). In addition, the South West also contains the greatest Total Installed Capacity of installations in Great Britain, followed by the South East region in both total installations and installed capacity.

FIT Levelisation Process

The most recent Periodic Levelisation process covered the period 1 January to 31 March 2013 and was completed on 14 May 2013. Licensed Electricity Suppliers reported a total of 83,878,618.11MWh of relevant electricity supplied during this period.

As part of the Periodic Levelisation process, all Licensed Electricity Suppliers (regardless of FIT participation status) are required to make payments into Ofgem E-Serve's Levelisation Fund, based on their market share of the Great Britain electricity supply market and taking account of any FIT payments they make to generators. The fund is then redistributed to FIT licensees that have made more payments to generators than they would be required to by their market share contribution.

In the latest Periodic Levelisation period, the total Levelisation fund was calculated to be £89,998,172.25. This figure represents a decrease of just over £43 million from the previous quarter (1 October to 31 December 2012). This figure represents the cost of the scheme in that quarter and includes generation payments, deemed export payments claimed by generators, the qualifying (administration) costs incurred by FIT Licensees, minus the value of

deemed export to Licensed Electricity Suppliers.

During the most recent Periodic Levelisation period, a total of £93,239,267.73 in FIT payments to generators was reported by FIT Licensees. This figure is a decrease of almost £45 million from the previous Periodic Levelisation process, and includes both generation and export (deemed and metered) payments claimed by installations registered under the scheme. In addition a total of £36,570,022.04 was paid into the Levelisation fund collectively by Licensed Electricity Suppliers in this process. All owed payments were received by Ofgem, and the fund was successfully redistributed to those FIT Licensees that were owed money from the fund.

The first quarterly Periodic Levelisation process of FIT Year 4 is due to commence from 1 July 2013 and will cover the quarter 1 April 2013 to 30 June 2013, while the Annual Levelisation reconciliation process for FIT Year 3 will commence on 1 August 2013.

Timetables for the levelisation periods and deadlines for both FIT Year 3 and 4 are available from the Ofgem website:

www.ofgem.gov.uk/fits.

Additional information on FIT activity

The information described in this report relates to activity in the FIT scheme from 1 April 2010 – 31 March 2013. For more current details on FIT activity, please refer to the FIT Summary or FIT Installation Statistical Reports available from the Public Reports section of the Renewables and CHP Register: <https://www.renewablesandchp.ofgem.gov.uk>

Feed-in Tariff scheme contact details

For information on home or business electricity generation and how to join the FITs scheme, please contact the **Energy Saving Trust on 0300 123 1234 (England and Wales) or 0800 512 012 (Scotland)**.

For information on accreditation of installations of Wind and Solar below 50 kW and general information about

products and installers, please contact Gemserv on **020 7090 1082**.

For general queries regarding FIT accreditation of all Hydro and AD installations and Wind and Solar PV installations between 50kW and 5MW only, please contact **ROOFIT@ofgem.gov.uk** or **020 7901 7310**.

For more information on FITs please visit the Ofgem website: www.ofgem.gov.uk/fits

If you have any comments or suggestions on the information provided within the FIT update or would like to be added to the distribution list, please email FITupdate@ofgem.gov.uk