

# Feed-in Tariff Annual Report 2013-14

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15 Dec 2014



Feed-in Tar	iff		
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#### **Overview:**

On 1 April 2010 the Government introduced the Feed-in Tariffs (FIT) Scheme. The scheme was created with the intention of encouraging the uptake of small scale renewable and low carbon technologies up to a Total Installed Capacity (TIC) of five megawatts (MW) located in GB. The scheme obliges certain licensed electricity suppliers to pay eligible installations for the generation and export of renewable and low carbon electricity.

Installations using solar photovoltaic (PV), wind, hydro and anaerobic digestion(AD) technologies up to 5 MW and fossil fuel-derived combined heat and power (CHP) up to 2 kW can receive FIT payments, providing all eligibility requirements are met.

The FIT scheme, introduced by the Department of Energy and Climate Change (DECC), is administered by the Gas and Electricity Markets Authority (the Authority), which is assisted in its day-to-day functions by the Office of Gas and Electricity Markets (Ofgem).

This report provides information about the fourth year of the scheme (1 April 2013 to 31 March 2014). It shows how licensed electricity suppliers have complied with their obligations in this period, and information about FIT payments that have been made to generators. It also references and provides comparisons against previous years of the scheme's operation. The report is produced for the Secretary of State for Energy and Climate Change and is published for reading by all industry participants, stakeholders and other interested parties.

In Year Four a total of 91,861 installations were registered on the central FIT register. This brought the installations to 470,983 registered after four years of the scheme. All installations together generated just over 2.6 TWh of electricity (296.3 TWh of electricity were supplied in Year Four). This compares to a total of 379,122 installations registered under the scheme at the end of Year Three generating a total of almost 1.7 TWh of electricity.

Just under £686 million in generation payments and a little under £23 million total FIT export payments were made to eligible generators by FIT licensees during Year Four, with the amount levelised (transferred between suppliers) during the period totalling just over £293 million.

### Context

The Secretary of State for Energy and Climate Change exercised 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 Conditions of Electricity Supply Licences became effective from 1 April 2010.

On 1 December 2012 this Order was revoked and replaced by the Feed-in Tariffs Order 2012 which consolidated existing amendments and incorporated additional ones to the administration of the scheme following reviews. This was augmented by the Feed-in Tariffs (Amendment) Order 2013 on 1 July 2013.

Under a duty specified in the Feed-in Order 2012 (the "Order"), Ofgem is required to present an annual report covering the preceding FIT Year to the Secretary of State for Energy and Climate Change.

The report provides the Secretary of State with information relating to licensed electricity suppliers' compliance with obligations placed upon them under Standard Licence Conditions 33 and 34. It also gives headline and detailed data about scheme costs and other information over the annual report period.

The Order requires that we report to the Secretary of State no later than 31 December after the end of each FIT Year.

### Associated Documents

Modifications to Conditions 33 and 34 of the Standard Conditions of Electricity Supply Licences:

https://www.ofgem.gov.uk/publications-and-updates/fits-amendment-orders-and-amendedlicence-conditions

The Feed-in Tariffs Order 2012:

http://www.legislation.gov.uk/uksi/2012/2782/pdfs/uksi 20122782 en.pdf

The Feed-in Tariffs (Amendment) Order 2013

http://www.legislation.gov.uk/uksi/2013/1099/pdfs/uksi 20131099 en.pdf

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### **Executive summary**

This document summarises activity in the Feed-in Tariff (FIT) scheme during its fourth year of operation (1 April 2013 to 31 March 2014) and reviews progress since its launch on 1 April 2010.

#### **Generators accredited under the scheme**

The scheme has continued to grow at a more consistent rate when compared to earlier years. The rate of accreditation is now more in line with DECC's original predictions as seen in **Figure 1.** In Year Four 91,861 installations were accredited. This compares to 131,650 in Year Three and 217,455 in Year Two. The more consistent uptake seen this year suggests that the scheme is now more settled and the price control mechanism of degression is having a stabilising effect.

The amount of electricity generated (2.6 TWh) is in line with DECC's original projections for 2020. However, the number of installations is far greater than originally predicted, but amount of electricity generated per installation is far less than was forecast. This is because the majority of installations are at the very lower end of the solar PV capacity scale (typically 0-4 kW domestic installations) rather than non-domestic PV and other technologies which have larger load factors.

#### Effects of degression and legislative changes

The first non-PV degression<sup>1</sup> took effect on 1 April 2014 and tariffs were cut for all non-PV installations with an eligibility date from 1 January 2014 onwards. These tariff cuts were mandated by legislation at the minimum rate but higher rates of degression were widely expected by industry and meant there was an exceptionally large increase in the number of ROO-FIT applications received before 31 December 2013. As industry rushed to apply for tariff rates prior to 1 January 2014, this made higher rates of degression more of a certainty, which meant even more installations applied before 1 January 2014. In all but one category the highest levels of degression for non-PV were triggered. Applications received by us in December 2013 were more than quadruple those received in previous months. This has put a huge demand on our resource and we worked to clear the backlog as soon as possible.



#### Figure 1: Monthly uptake compared to DECC predictions

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<sup>&</sup>lt;sup>1</sup> The process by which tariffs are cut by a set amount as a result of capacity deployment over a set period.

The monthly uptake rates (as shown in Figure 1) suggest that the solar PV industry has arrived at a more stable position and there is no longer a rush to accredit installations before degression occurs. This means that degression is rarely triggered due to additional renewable capacity and usually only occurs every nine months as required by legislation. In fact, spikes in uptake immediately preceding an automatic degression suggest that if there is certainty in tariff cuts, there will be a surge of applications for the higher rate prior to this taking effect.

#### Scheme cost

During Year Four the scheme costs totalled £691m for 2,645 GWh of renewable generation. These costs were levelised across all licensed electricity suppliers proportionate to their GB market share and include £686m in generation payments, £21.3m in deemed export payments and £9.3m in licensees' administration costs. For the first year since the start of the scheme the cost of carbon saved by FITs has reduced from the previous year; £613/tonne in Year Three compared to £526/tonne in Year Four. The cost for installations registered in Year Four was £378/tonne which compares to in excess of £600/tonne in Years Two and Three. This is as a result of reduced tariff rates from legislative changes and the PV degression mechanism.

#### Licensed electricity supplier compliance

As the scheme has evolved it has increased in complexity, putting more responsibility on FIT licensees to ensure that their administration and governance is suitable to administer the scheme. Our level of monitoring has also increased. We continue to engage with stakeholders on a regular basis so that scheme participants are able to identify potential faults early and put in place preventative measures rather than being non-compliant at a later stage.

Generally, we have seen some failings in licensees' compliance but we are working with licensees to ensure these are resolved. The biggest area of concern in FIT Year Four has been with licensee's obligations to verify meter reads at least once every two years. In October 2013 only 50% of all meters due for verification had been verified; after we instructed licensees to put in place improvement measures this had risen to 68% by 31 January 2014. Five licensees were identified with the majority of installations that were non-compliant; the remaining licensees had demonstrated by this stage that they had enough measures in place to recover their position. Over several months we liaised with the five of concern and imposed a revised deadline of 31 May 2014. Three of the five met this deadline, of the remaining two one remains on special reporting and the other has managed to recover their position to an acceptable level.

Periodic and annual levelisation are the Ofgem-administered mechanisms that ensure scheme costs are distributed across all licensed electricity suppliers based on their share of the GB electricity supply market. There were two instances of late payment in Year Four, both by the same company for annual levelisation and were due to administrative errors on their part. There were three instances of misreported data in previous years being corrected in annual levelisation using new powers introduced in the Feed-in Tariffs (Amendment) Order 2013. Data was submitted late or incorrectly on several occasions by suppliers but these were managed by Ofgem to ensure the correct payments were made to suppliers on time and the scheme was not affected.

Audits of licensees this year were targeted at new licensees and those who we felt could have the most issues based on previous interactions. The results brought forth a greater number of weak and unsatisfactory results than in previous years. It should be noted though that these findings had little material effect on the scheme and were resolved, for the most part, following straight forward changes to licensees administrative and governance procedures.

### 1. Compliance of licensed electricity suppliers

#### **Chapter summary**

Chapter 1 provides information relating to compliance of licensed electricity suppliers against their obligations in the Standard Conditions of Electricity Supply Licenses during FIT Year Four (1 April 2013 to 31 March 2014).

1.1 The scheme requires all suppliers to participate in both the periodic and annual levelisation reconciliation processes administered by Ofgem. Levelisation allows for the costs of the scheme to be distributed across all suppliers, ensuring all licensees share a proportionate burden of the costs according to their share of the market. Levelisation occurs on a quarterly basis (periodic levelisation), in addition to an annual reconciliation (annual levelisation) at the end of each FIT Year.

1.2 The periodic levelisation process requires all suppliers, regardless of FIT status, to provide us with the amount of electricity they have supplied the previous quarter. This supply amount is then used to calculate a supplier's share of the Great Britain electricity supply market. FIT licensees must also report to Ofgem payments they have made to generators over the previous quarter. All of this information is then used to determine whether a licensee has paid out its share of total FIT payments. Those suppliers that have paid less than their share will be liable to make a payment into the levelisation fund, while those that have paid more than their share will be owed from the fund.

1.3 Annual levelisation begins at the end of each FIT year. Its aim is to reconcile all data and associated costs included in each of the four periodic levelisation periods during the year. This means discrepancies can be resolved, late payments into the levelisation fund can be redistributed and suppliers can report the most accurate supply information to Ofgem. FIT licensees are also required to have their annual levelisation submissions independently audited.

#### Annual notification of FIT status

1.4 The Secretary of State determines the threshold for mandatory participation in the scheme. This is based on domestic electricity customer numbers as at 31 December preceding the start of each FIT Year. The threshold for Year Four was 250,000 domestic customers.

1.5 Those suppliers who are obligated to participate in the scheme are known as mandatory FIT licensees, while those who choose to participate (but are not obligated to do so) are known as voluntary FIT licensees.

1.6 On or before 14 February each year, all suppliers must notify us if they will be a mandatory licensee or will be a voluntary licensee or will remain as a non-FIT licensee for the FIT Year beginning on 1 April.

1.7 A small number of suppliers failed to make their annual notification of FIT status by the required deadline. As none of them exceeded the threshold for participation in the scheme as a mandatory licensee, nor told us if they intended to become a voluntary licensee, they were listed as non-FIT licensees for Year Four. This had no adverse effect on the scheme's operation. During Year Four, 18 suppliers failed to respond by 14 February 2014 and as none exceeded the threshold for participation they were listed as non-FIT licenses for Year Fixe.

1.8 All FIT licensees (mandatory and voluntary) must register and make payments to FIT eligible generators registered to them under the scheme based on renewable generation and/or electricity exported. Specifically, they are responsible for:

- Taking all reasonable steps to verify that a FIT applicant's installation is eligible for the scheme and information provided by the applicant is accurate.
- Registering eligible installations (both MCS<sup>2</sup> FIT-accredited and ROO-FIT<sup>3</sup>-accredited) onto the Central FIT Register (CFR).
- Taking all reasonable steps to ensure that data recorded on the CFR is accurate, and, if necessary, updating and amending the CFR with new information.
- Acquiring generation and/or export meter readings, taking all reasonable steps to satisfy themselves that these generation and/or export meter readings are reasonable and within expected tolerances for that particular installation.
- Verifying generation and/or export meter readings at least once every two years
- Calculating and making FIT payments in accordance with information held on the CFR and ensuring that generators and nominated recipients only receive FIT payments that they are eligible for.
- Helping applicants to participate in the scheme and providing a reasonable level of customer service.
- Ensuring that generators registered with the licensee for both their electricity supply and/or FIT payments are not unreasonably discriminated against in terms of switching electricity supplier or the price they pay for electricity supply.

#### Figure 1.1: Participants\* each year

	Year 1	Year 2	Year 3	Year 4
Voluntary FIT licensees	9	15	26	45
Mandatory FIT licensees	16	15	18	18
Total participants	25	30	44	63

\*This is the total number of licensees participating. The number of companies participating is smaller as some companies hold multiple licenses and each license is a FIT licensee

1.9 The number of suppliers participating in the scheme increased from 28 in Year Three to 37 in Year Four with the number of individual licensees (some suppliers have multiple licenses) increasing from 44 to 63 respectively<sup>4</sup>. The number of participants continues to increase year on year which reflects supplier's desires to participate in the scheme. We know from industry engagement that the willingness to become a voluntary licensee normally (but not exclusively) falls into one of three categories: supply companies who market their business around being suppliers of green electricity; companies who feel they will cross the mandatory threshold in succeeding years and are looking to gain experience in the scheme; and companies for whom the investment in green technology is seen as beneficial for their image or their parent company's image.

#### **Mandatory FIT licensees**

- 1.10 A mandatory licensee's responsibilities include:
- To register and make FIT payments to eligible installations for which the mandatory licensee is the electricity supplier.
- To register and make FIT payments to eligible generators who are customers of another supplier that is not a mandatory licensee.
- To register and make FIT payments to eligible generators whose installation is sited offgrid.

<sup>&</sup>lt;sup>2</sup> Microgeneration Certification Scheme – solar PV and wind with TIC  $\leq$ 50 kW and micro-CHP  $\leq$ 2 kW.

<sup>&</sup>lt;sup>3</sup> All other non-MCS installations.

<sup>&</sup>lt;sup>4</sup> The number of participating companies increased by 9, but pre-participating companies added 10 licences between them to those held in Year Three which is why the number of licences participating increased by 19.

1.11 Notwithstanding its obligations as outlined above, a mandatory licensee can register and make FIT payments to any eligible generator it chooses to offer FIT services to.

1.12 Mandatory licensees must remain within the scheme for the duration of the FIT Year (1 April - 31 March), even if during the year they cease meeting the requirements for participation in the scheme as a mandatory licensee.

1.13 **Figure 1.2** lists the suppliers (and associated companies) who were mandatory licensees in Year Four:

Supplier name	Electricity supply licence	
Centrica plc	British Gas Trading Ltd	
	Electricity Direct (UK) Ltd	
EDF Energy plc	British Energy Direct Ltd	
	EDF Energy Customers plc	
	Seeboard Energy Ltd	
E.On UK plc	E.On Energy Ltd	
	E.On UK plc	
	Economy Power Ltd	
RWE Npower plc	Npower Direct Ltd	
	Npower Ltd	
	Npower Northern Supply Ltd	
	Npower Northern Ltd	
	Npower Yorkshire Supply Ltd	
	Npower Yorkshire Ltd	
Scottish Power	Scottish Power Energy Retail Ltd	
SSE	SSE Energy Supply Ltd	
	South Wales Electricity Ltd	
Utility Warehouse*	Electricity Plus Supply Ltd*	

Figure 1.2: Mandatory FIT licensees in Year Four

\*Utility Warehouse was part of RWE Npower until December 2013, when it split away and became a mandatory licensee in its own right.

#### **Voluntary FIT licensees**

1.14 For Year Four suppliers with fewer than 250,000 domestic electricity supply customers at 31 December 2012 could choose to join the scheme as a voluntary FIT licensee.

- 1.15 A voluntary licensees responsibilities include:
- Registering and making FIT payments to eligible installations that are a registered customer of the voluntary licensee and that are less than or equal to 50 kW Declared Net Capacity.
- Notwithstanding its obligation as outlined above, a voluntary licensee is able to register and make FIT payments to any eligible generator it chooses to offer FIT services to.
- Voluntary licensees are required to remain in the scheme for the duration of the Year (1 April 31 March) in which they choose to become a voluntary licensee.

1.16 **Figure 1.3** lists the suppliers (and associated companies) which elected to be voluntary licensees in Year Four:

#### Figure 1.3: Voluntary FIT licensees in Year Four

Supplier name	Electricity supply licence
Energy Data Company Ltd	Energy Data Company Ltd
F & S Energy Ltd	F & S Energy Ltd
First Utility Ltd	First Utility Ltd
Flow Energy Ltd	Flow Energy Ltd
GDF Suez Marketing Ltd	GDF Suez Marketing Ltd
Gilmond Holdinas Ltd	I Supply Energy Ltd
	I Supply Energy 2 Ltd
	Simply Electricity Ltd
	Supply Energy Ltd
Gnergy Ltd	Gnergy Ltd
Good Energy Ltd	Good Energy Ltd
Green Energy UK	Garsington Energy Ltd
Haven Power Ltd	Haven Power Ltd
Lourdes Associates Ltd	Lourdes Associates Ltd
NEAS Energy Ltd	NEAS Energy Ltd
Opus Energy Ltd	Donnington Energy Ltd
	Farmoor Energy Ltd
	Opus Energy (corporate) Ltd
	Opus Energy Ltd
	Opus Energy Renewables Ltd
Pan-Utility Ltd	Pan-Utility Ltd
PX Holdings	Coulomb Energy Supply Ltd
Renewable Energy Company (Ecotricity)	The Renewable Energy Company Ltd
Reuben Power Supply Ltd	Reuben Power Supply Ltd
SmartestEnergy Ltd	SmartestEnergy Ltd
Spark Energy Supply Ltd	Spark Energy Supply Ltd
Statkraft UK Ltd	Statkraft Markets GmbH
Symbio Energy LLP	Symbio Energy LLP
Texas Retail Energy, LLC	Power 4 All Ltd
The Midcounties Co-operative Ltd	Co-operative Energy Ltd
	Energy 2 Sell Ltd/ Energy COOP Ltd
Total Gas and Power Ltd	Total Gas and Power Ltd
Tradelink Solutions Ltd	Tradelink Solutions Ltd
UK Healthcare Corporation Ltd	UK Healthcare Corporation Ltd
UPBO	Addito Supply Ltd
	Extra Energy Supply Ltd
Utilisoft Ltd	Callisto Energy Supply Ltd
	Candela Energy Supply Ltd
	Circuit Energy Supply
	Europa Energy Supply Ltd
	Ganymede Energy Supply Ltd
	Lumen Energy Supply Ltd
	Oberon Energy Supply Ltd
Utilita Electricity Ltd	Utilita Electricity Ltd
Utility Partnership Ltd	Utility Partnership Ltd

#### **Non-FIT licensees**

1.17 Suppliers that are neither mandatory nor voluntary licensees are known as non-FIT licensees. Non-FIT licensees (as holders of an electricity supply licence) are still required to participate in some parts of the scheme, including periodic and annual levelisation where they

must give us information and fulfil their financial liabilities as determined by us. A full list of all electricity licenses granted by us is available on our website<sup>5</sup>.

#### Periodic and annual levelisation compliance

1.18 Some suppliers failed to meet their obligations as they did not submit data to us during one (or more) of the periodic levelisation periods or the annual levelisation final reconciliation. This was despite, in a number of cases, repeated attempts by Ofgem to obtain this information. These suppliers are shown in Appendix 1. At this time we are not intending to take further action against these suppliers but reserve the right to pursue enforcement action at a later time.

1.19 By requesting electricity supply information held by Elexon, we were able to determine that for every case of non-compliance through non-reporting these suppliers supplied no electricity and therefore had no market share. As a result all active suppliers participated in periodic and annual levelisation and there was no financial impact on the scheme due to this non-compliance.

1.20 For annual levelisation we were able to compare Elexon supply data as well as supply data submissions made under the Renewables Obligation. Therefore, we identified misreporting early, and by liaising with the relevant suppliers we were able to correct submissions before making levelisation calculations. Any mistakes were corrected at an early stage and did not cause delays later in the process.

1.21 As well as comparing supply data, we have also introduced further tolerance checks of other reported data based on precedence and expected submissions such as calculations of generation payments versus deemed export payments. This is not foolproof, but does allow us to identify any significant anomalies and improve our confidence in levelisation calculations. As with increased checks of supply data, this has enabled us to remedy incorrect submissions at an early stage with the relevant suppliers.

1.22 Despite the changes mentioned above, we are concerned that several suppliers continue to make fundamental and basic errors when submitting their periodic levelisation data. We will be looking at ways to address this in the coming year and will individually contact suppliers that persistently misreport. We will also be considering what further action can be taken against these suppliers.

1.23 The audits submitted for annual levelisation were generally of an acceptable standard although some concerning trends were identified. In particular, a trend for licensees not complying with the full scope of the audit specifications we issued at the start of the annual levelisation process was noted. However, we were able to address these shortcomings and correct them in conjunction with licensees to ensure that the final reconciliation of levelisation was as accurate as possible.

#### Late submission of levelisation data to Ofgem

1.24 As well as non-submission of data, some suppliers were late in reporting data as part of one, or more, of the periodic levelisation periods and/or annual levelisation. These suppliers are listed in Appendix 1. These late submissions were successfully managed and they did not delay completion of periodic levelisation or annual levelisation. All funds were redistributed among suppliers by the published deadlines.

1.25 We are working with licensees and continuing our process of education about submission dates and the importance of submitting the data on time.

<sup>&</sup>lt;sup>5</sup> https://www.ofgem.gov.uk/ofgem-publications/90728/externalelectricitylist10101014.pdf

#### Late payments into the levelisation fund

1.26 For the first time since the start of the scheme all periodic levelisation payments were received on time. There were two instances of late payment of annual levelisation invoices, both from suppliers owned by the same company (see Appendix 1). The reason for the late payment is that the company in question had failed to update their contact records and so the invoices did not reach the responsible person on time. Once this issue had been identified the invoices were paid on the same day.

1.27 Periodic levelisation has now taken place 16 times and there have been four annual levelisations. The schedule for levelisation is published every year and we take all opportunities to remind suppliers of the schedule. We send reminders to all suppliers who are due to make payments ahead of the payment deadline. We consider that a combination of these factors has meant that the majority of suppliers met their deadlines without any problems.

#### **Non-levelisation compliance**

1.28 There were a few minor administrative issues raised during the year, such as incorrect advice being given to generators by licensees. These were dealt with by communicating with the relevant licensees and providing additional guidance where required.

1.29 E.On told us about misreporting in Years One and Two and EDF told us about misreporting in Year Three. Both of these cases were investigated and the information provided by both licensees allowed us to accept they had corrected previous administrative errors and after introducing more checks and governance would reduce the risk of further issues happening again. Both cases of misreporting were corrected in Year Four Annual Levelisation in accordance with Article 30 of the FIT Order.

1.30 There were a number of instances of suppliers making minor mistakes and being noncompliant across all environmental schemes. Individually, each of these cases would warrant little or no further action, other than to be recorded. However, these minor mistakes and failures are now being captured centrally and where we identify an accumulation of minor noncompliance we will consider the need to take more formal action.

1.31 In the final quarter of the year we issued guidance to all licensees reminding them that generators should complete annual declarations for their installations. The purpose of this declaration is to obtain confirmation from the generator that no changes have been made to the installation in the last year, or that the records held by the licensee reflect any recent changes made to the installation within the year. By doing this, licensees should have confidence that they are not making payments to which the generator is not entitled. Generators not making an annual declaration are liable to have their payments withheld until the declaration has been made. To date approximately 200 out of 350,000 eligible installations have had their payments withheld for this.

1.32 There have been no instances of fraudulent activity detected as a result of this requirement to complete annual declarations. However, there has been an increase in the number of CFR status changes as a result of this exercise. It is not possible to determine the exact number as there is no differentiation between changes as result of declarations and routine changes. We estimate there have been about 1,500 changes though based on discussions with licensees when they have submitted requests.

1.33 All of the checks and procedures we have in place are designed to ensure that the scheme is being run correctly. Our checks are designed in such a way that it is relatively easy for either us or licensees to identify any potential fraudulent activity. There were a few incidents of licensees reporting potential fraud cases to us over the FIT year. Following investigation it was found that either the licensee had not received all of the relevant

information or that a genuine mistake had been made by the generator. In all cases, corrective action was taken and no fraudulent activity was found.



#### Figure 1.4: Breakdown of overall non-compliance by suppliers

#### **Biennial meter verification**

1.34 All licensees are required to verify FIT meter reads at least once every two years. There were an exceptionally large number of installations registered in late 2011 and early 2012. All of those meters registered during the 'rush' period should have had their biennial verification before the end of Year Four. In summer 2012 we became aware that most licensees did not have sufficient plans in place to meet their obligation. Despite us communicating with licensees on several occasions, the overall verification success rate at 1 October 2013 was only 50%.

1.35 We wrote to all licensees in October 2013 giving them until 31 January 2014 to address their failure to achieve biennial verification. By that time most licensees were making good progress and had achieved a reasonable level of success. Five licensees however, still had an unacceptable level of unverified meters and consequently we investigated additional reporting requirements. This included weekly reporting and Director-level meetings. The overall success rate across all licensees at 31 January 2014 was 68%. However, when the five failing licensees were removed from this calculation, this rose to 89%; this is indicative of the scale of the non-compliance amongst the five licensees of greatest concern. **Figure 1.5** shows that there was an initial rise in success rates following our October 2013 letter; the percentage success rates then dropped off temporarily as the number of meters requiring verification increased steeply. There was then a surge ahead of the 31 January deadline that we imposed.





1.36 Since the 31 January deadline the success rate has continued to grow. As at 31 January none of the licensees were wholly compliant but the five licensees mentioned in 1.35 were those we considered needed additional focus in order to meet their obligations. Those not given additional reporting requirements were not 100% compliant; however, we had sufficient evidence at the time to assess that they were on their way to achieving full compliance. The five licensees with special reporting requirements were given until 31 May 2014 to recover their position. Three of them achieved an acceptable success rate by 31 May 2014; two remain in special measures. Overall success as of 31 May was 83%, when the two remaining failing licensees are discounted this increases to 94%. We continue to monitor the performance of all licensees and act on any significant incidents of non-compliance.



Figure 1.6: 5 Success rates of five licensees of concern

1.37 One of the issues that has arisen from our work on biennial meter verification is the placing of FIT meters. MCS guidelines<sup>6</sup> require them to be placed on vertical surfaces in such a position that they can be read without additional equipment such as tools, ladders or torches. Many licensees reported that access was difficult on health and safety grounds because meters are often installed in lofts which are not traversable. MCS has governance over installers and are putting actions in place to deal with incorrectly located meters. We are continuing to liaise with licensees and MCS on this matter.

#### FIT licensee audits

1.38 Twelve audits of licensees were conducted in Year Four. When selecting licensees to audit we take several considerations into account. These include, but are not limited to: size of generator portfolio; size of company as an electricity supplier; number of issues encountered during the previous year; time since last audit; and duration of scheme membership.

1.39 Year Four was the first year that some licensees were audited for a second time, but the majority were first-time auditees. Our selection targeted those who we felt were most likely to present issues, specifically smaller licensees, new entrants and those who had issues throughout the previous period. This resulted in the sum of unsatisfactory and weak audits being higher than in previous years, as shown in **Figure 1.7**.



#### Figure 1.7: FIT licensee audit report ratings

1.40 In total there were 158 recommendations that came from the 12 audits, which was an increase from 101 recommendations from 10 audits in the previous year. Recommendations were split into four categories:

- Unsatisfactory Major issues found in audit i.e. weakness in controls / major issues of non compliance.
- Weak Moderate issues found in audit i.e. improvements to be made / some issues of non compliance.
- Satisfactory Only minor issues found during the audit. Usually only a few actions.
- Good No audit findings, with no recommendations made.

<sup>&</sup>lt;sup>6</sup> http://www.microgenerationcertification.org/images/MCS Metering Guidance v1.0 2010.08.27.pdf

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1.41 All recommendations were given an agreed time period for action to be taken. As Year Four closed our audit team was still working with licensees to ensure that all recommendations and actions were acted upon within the agreed time periods. Due to the nature of the findings, a large number of recommendations were given short deadlines to complete actions. Common failings amongst all licensees audited included inaccurate application of eligibility dates, assessment of new applicants, completion of biennial meter verification and assigning correct tariff rates.

1.42 It should be noted that whilst there was an increase in the number of unsatisfactory and weak assessments, the faults found had no material effect on the scheme. Of the faults found, none required generator's payments to be recalculated or effected eligibility in anyway. For the most part failings required relatively straight forward and small changes to companies administrative and governance processes to ensure errors cannot recur.

#### **Ofgem's enforcement powers**

Compliance with the Standard Conditions of Electricity Supply Licences is a requirement 1.43 of an Electricity Supply Licence and the Authority may use its enforcement powers in a similar manner to breaches of other licence conditions. Sometimes there is no need to take enforcement action because the issues are resolved quickly and there are mitigating factors. Decisions on whether or not to consider and commence enforcement action are made on a case-by-case basis and are steered by Ofgem's Enforcement Guidelines. At the end of FIT Year Four Ofgem published an open letter<sup>7</sup> to all industry participants that are regulated by Ofgem.

Within E-Serve and the FITs team we have continued to work closely with all licensees 1.44 to help them meet their Standard Licence Conditions. We have provided assistance and quidance to non-FIT licensees on levelisation and prospective entry into the scheme. During the year, we held stakeholder engagement events covering compliance, counter fraud and scheme governance. Informal feedback we have received has been positive and the events were well received. We have also updated our Guidance for Licensed Electricity Suppliers<sup>8</sup> and CFR User Guide<sup>9</sup>.

We continue to enjoy positive working relationships with our stakeholders and work 1.45 under the principle that it is far better to educate early, rather than enforce non-compliance later. Where we do encounter cases of non-compliance we take into account Ofgem's enforcement quidelines<sup>10</sup> when considering whether or not further action is appropriate.

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https://www.ofgem.gov.uk/ofgem-publications/86894/openletteronregulatorycompliance28march2014.pdf

<sup>&</sup>lt;sup>8</sup> https://www.ofgem.gov.uk/ofgem-publications/85460/fitsupplierguidanceversion6.0final1.pdf

<sup>&</sup>lt;sup>9</sup> https://www.ofgem.gov.uk/publications-and-updates/central-feed-tariff-register-cfr-user-guide

<sup>&</sup>lt;sup>10</sup> https://www.ofgem.gov.uk/ofgem-publications/89753/enforcementguidelines12september2014publishedversion.pdf

### 2. FIT scheme costs

#### **Chapter summary**

This chapter is an analysis of the costs of the Feed-in Tariff scheme during FIT Year Four (1 April 2013 to 31 March 2014). We also provide a comparison of annual costs since the start of the scheme.

2.1 Levelisation allows the cost of the scheme to be redistributed across all suppliers. Periodic levelisation happens every quarter, together with an annual reconciliation after the end of the FIT Year. Levelisation is designed to allow an equal burden of cost across all suppliers, based on their respective market share, administration costs and any FIT payments claimed by accredited generators during the period.

#### Year Four payments overview

2.2 Periodic levelisation is a 30 working day process, administered by Ofgem, in which all suppliers are required to participate. In Year Four, all four quarterly levelisation payment redistribution processes were completed successfully within the published timelines. Suppliers made all payments due into the levelisation fund on time, allowing us to redistribute payments without a shortfall in funds or late payment re-calculation.

2.3 Annual levelisation reconciles each of the four periodic quarters in addition to any missed payments. For Year Four the reconciliation process was completed in September 2014 prior to the legislative deadline of 1 October 2014. All payments were received and redistributed successfully. **Figure 2.1** is an overview of the annual Year Four costs:

Cost	Total	Description
FIT generation	£685,973,264	The total cost in payments made to accredited
payments <b>(A)</b>		generators, for on-site generation.
Total deemed export payments ( <b>B</b> )	£21,302,774	The total payments made to accredited generators for electricity that is deemed to have been exported to the grid.
Qualifying FIT	£9,264,770	The total administration costs allocated to FIT
costs (C)		licensees. The administration costs are determined annually by the Secretary of State <sup>11</sup> .
Value of net deemed export (D)	£25,549,525	The total value of net deemed export is defined as the amount of electricity deemed to have been exported by all accredited installations multiplied by the System Sell Price (SSP) for the annual period. This is the equivalent wholesale market price.
Levelisation fund (=A+B+C-D)	£690,991,283	This figure represents the cost of the scheme over the vear.

#### Figure 2.1: Total payments by payment type in Year Four

2.4 The total value of FIT export payments made to accredited generators for the year was £22,820,320. These are the total payments made to generators based on both metered and deemed export of electricity. Only the deemed export payments (unmetered) are included in the levelisation calculation as any metered (not 'deemed') export is assumed to benefit licensees via settlement and so is not a cost incurred on them.

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<sup>&</sup>lt;sup>11</sup> <u>https://www.gov.uk/government/publications/feed-in-tariffs-fits-determinations</u>

#### Scheme costs

2.5 There was a sizable increase in costs in Year Four from previous years. In particular there was an increase in total generation compared to previous years. This can be attributed to the progressive increase in the total number of installations registered under the scheme each year, despite the average tariff payable being lower in subsequent years. It is also important to note that those installations registered in preceding years will also have payment costs represented in subsequent years, for as long as the installation remains eligible.

	Year 1	Year 2	Year 3	Year 4
FIT generation payments	£12,487,029	£135,937,391	£504,272,611	£685,973,264
Total FIT export payments	£448,251	£3,529,269	£14,619,298	£22,820,320
Qualifying FIT costs	£2,044,560	£15,827,255	£6,085,200	£9,264,770
Value of net deemed export	£453,717	£4,146,229	£13,839,372	£25,549,525

#### Figure 2.2: Annual breakdown of scheme costs

2.6 **Figure 2.3** shows that the vast majority of costs for all four years have been generation payments. The value of generation payments has continued to increase but the percentage of the total value has reduced slightly from Year Three to Year Four to the benefit of export payments. The actual qualifying FIT costs (QFC) have been reduced by Secretary of State since Year One and as a result, the proportion of total costs has reduced to reflect this until Year Three of the scheme. Year Four was the first time that the proportion of QFCs remained the same from the previous year, despite a small reduction in actual QFC. The number of new installations in Year Four was also closer to Year Three than the equivalent comparison between Years Two and Three. This means that the number of installations for which licensees were attributed 'new' and 'ongoing' QFCs was more similar between Years Three and Four than between Years Two and Three.

#### Figure 2.3: Annual breakdown of scheme costs by percentage



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#### **Total payments by FIT licensees**

2.7 **Figure 2.4** details the total reconciled FIT payments made by licensees to generators for Year Four. Total payments are broken down into both generation payments and export payments, in addition to the sum of these values per licensee. The un-reconciled quarterly FIT payment costs per FIT licensee are also set out in Appendix 2.

Licence name	Total generation	Total export	Total payments
	payments made	payments made	(sum)
British Gas Trading Ltd	£85,638,685.47	£3,228,593.32	£88,867,278.79
Co-Operative Energy Ltd	£1,929,748.27	£70,150.19	£1,999,898.46
E.ON Energy Solutions Ltd	£132,025,226.13	£6,152,084.57	£138,177,310.70
EDF Energy Customers plc	£49,961,810.26	£1,972,424.43	£51,934,234.69
Electricity Plus Supply Ltd	£7,385,641.99	£366,581.96	£7,752,223.95
F & S Energy Ltd	£89,224.03	£0.00	£89,224.03
First Utility Ltd	£1,962,974.38	£116,936.49	£2,079,910.87
Flow Energy Ltd	£3,057.04	£486.48	£3,543.52
GDF Suez Marketing Ltd	£1,349,523.60	£1,644.34	£1,351,167.94
Good Energy Ltd	£85,473,187.13	£2,698,826.06	£88,172,013.19
Green Energy Ltd	£2,188,568.48	£58,683.97	£2,247,252.45
I Supply Energy Ltd	£2,491,196.01	£99,059.93	£2,590,255.94
Npower Ltd	£41,822,706.00	£857,247.00	£42,679,953.00
Npower Direct Ltd	£4,189,001.00	£172,972.37	£4,361,973.37
Npower Northern Ltd	£21,727,739.00	£1,054,848.00	£22,782,587.00
Npower Yorkshire Ltd	£2,330,772.00	£111,454.87	£2,442,226.87
Opus Energy Ltd	£40,457,741.48	£75,911.28	£40,533,652.77
Scottish Power Energy Retail Ltd	£42,485,823.38	£2,112,625.32	£44,598,448.70
Smartest Energy Ltd	£52,084,342.89	£5,374.85	£52,089,717.74
Spark Energy Supply Ltd	£23,976.94	£3,596.19	£27,573.13
SSE Energy Supply Ltd	£92,623,629.90	£3,366,968.16	£95,990,598.06
Symbio Energy LLP	£18,375.03	£0.00	£18,375.03
The Renewable Energy	£5,390,573.57	£241,569.41	£5,632,142.97
Company Ltd			
Total Gas & Power Ltd	£3,045,796.62	£4,874.56	£3,050,671.18
Tradelink Solutions Ltd	£9,240,947.28	£43,296.44	£9,284,243.72
Utilita Electricity Ltd	£32,996.00	£1,593.00	£34,589.00
Total	£685,973,263.89	£22,817,803.18	£708,791,067.06

#### Figure 2.4: Total Year Four FIT payments made by FIT licensees to generators\*

\*Licensees (as listed in figures 1.2 and 1.3) that made zero payments are not listed.

#### Cost of carbon

2.8 The estimated tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) saved each year under the FIT scheme, has been calculated using the annual generation figures in Figure 2.2 and the average emission factors (CO<sub>2</sub>/kWh equivalent)<sup>12</sup> for each FIT Year. **Figure 2.5** details the total emissions saved each year and demonstrates the significant non-cumulative growth of CO<sub>2</sub>e saved each year from 35,601 tonnes in Year One, to 1,314,194 tonnes in Year Four.

<sup>&</sup>lt;sup>12</sup> Figures obtained using the annual weighted emission factors from electricity generation, transmission and distribution from DEFRA's Greenhouse Gas (GHG) Conversion Factor Repository at <u>www.ukconversionfactorscarbonsmart.co.uk</u>

2.9 Figure 2.5 also includes the average cost per tonne of carbon dioxide equivalent by FIT year. This was determined using the total annual tonnes of  $CO_2e$  saved against the annual scheme value calculated using Figure 2.2. These figures highlight the downward trend of the annual cost per tonne of  $CO_2e$ , from a peak in Year Two at £615.17, to a value of £525.79 in Year Four. The cost of carbon for installations accredited within each year has seen a significant drop in Year Four to £378.29 per tonne from £650.81 per tonne in Year Two and £612.95 in Year Three. This fall can be attributed to the reduction in the average FIT Tariff from Year Two, and the continued increase in new installations accredited with lower average tariffs.



Figure 2.5: Tonnes of CO<sub>2</sub>e saved (non-cumulative) and cost per tonne by year

### 3. Accredited FIT installations

#### **Chapter Summary**

This chapter provides an analysis of the number of installations accredited under FIT and a breakdown of these figures by capacity, installation type and region.

#### Eligible technologies

3.1 The FIT scheme is designed to encourage small-scale renewable and low-carbon technologies. Eligible installations up to 5 MW are supported under the scheme. It supports the following renewable electricity and low-carbon technologies:

- Wind
- Hydro
- Solar photovoltaic (PV)
- Anaerobic digestion (AD)

3.2 Micro-combined heat and power (micro-CHP) eligible (<2 kW) installations can join the scheme as part of a pilot scheme of 30,000 installations. DECC will undertake a review of the pilot once 12,000 installations have been accredited under the scheme. By the end of Year Four, 481 installations were accredited. We know that at least one licensee is looking to encourage the uptake of micro-CHP as part of its business model over the coming year. We expect to be able to report further on this in next year's report.

#### Number of registered installations

3.3 A total of 470,983 installations were registered<sup>13</sup> under the scheme as of 31 March 2014. Of this, 98.6% were solar PV, with the remaining percentage consisting of the other four technologies. The high proportion of solar PV installations reflects the success of the technology since the start of the scheme. **Figure 3.1** details the breakdown of the number of installations registered by technology over this period.

Month	AD	Hydro	Wind	Micro-CHP	Solar PV
April	1	8	73	9	6,608
Мау	1	10	68	3	7,440
June	3	7	44	3	4,703
July	3	7	49	1	8,049
August	3	6	36	5	9,132
September	4	10	61	3	8,628
October	2	6	75	4	9,824
November	2	3	69	3	7,876
December	2	8	54	0	6,209
January	6	11	56	0	8,858
February	2	7	49	4	7,287
March	7	8	106	0	6,345
Total	36	91	740	35	90,959

Figure 3.1: Number of installations registered by technology in Year Four

3.4 **Figure 3.2** provides a breakdown of the number of installations registered by month, with a cross comparison between years. It shows that the uptake was relatively steady until

<sup>&</sup>lt;sup>13</sup> Within this report all statistics refer to installations based on their confirmation date. This reflects the date an installation is added onto Ofgem's Central FIT Register, and does not reflect the eligibility date of an installation.

late 2011, when it increased notably ahead of the large solar PV tariff cuts in March 2012. Uptake remained high in the early part of Year Three, but dropped off to a steadier rate later. Uptake in Year Four has been relatively steady with the overall uptake less than in the previous year. This can probably be attributed to the settling of the scheme following hectic periods in Years Two and Year Three as well as the dampening effect of DECC's PV degression cost control mechanisms.<sup>14</sup>





3.5 It should be noted that due to the length of time between applying for the scheme and being registered on the CFR, the respective peaks (and troughs) in installations do not align with tariff rate reductions due to the length of time taken by licensees to upload installations onto the CFR. The majority (98.6%) of installations are solar PV, followed by wind (1.2%), micro-CHP (0.1%), hydro (0.09%) and finally AD (0.02%).

3.6 Although the number of solar PV installations has reduced in Year Four, solar PV shows steady growth and popularity despite cuts in tariffs. This could be attributed to the reduced costs of solar PV installations as well as the increasing popularity of solar PV rent-a-roof schemes (where solar PV panels are installed free of charge and the home owner benefits from the electricity generated but the installer receives FIT payments). This is an area of the market that has seen continuous growth over the four years of the scheme, with greater investment from financial groups, such as pension schemes and other such investment groups.

3.7 By the end of FIT Year Four around 1.5% of all homes in GB were generating electricity on-site from renewable or low carbon technology sources. As well as receiving FIT payments they are reducing their home energy bills. On average we accredited around 1,800 installations each week during Year Four. Not all installations are accredited correctly first time by licensees, but the number of change requests for correcting errors in input made by licensees is at a low level. Additionally, we also receive more and more change requests as installation details are changed as panels are replaced or turbines changed. There is a rough correlation between the number of installations added and the number of change requests each month. In the earlier years we saw a more direct correlation but now, as licensees become more experienced and have stream-lined their procedures, the correlation is no longer evident.

3.8 We are continuing to work with licensees on 'right first time' for additions to the CFR and have produced updated CFR guidance during Year Four. **Figure 3.3** shows the initial

<sup>&</sup>lt;sup>14</sup> Non-PV degression had not taken effect until after the end of FIT Year Four.

correlation and splitting of change requests to uptake. We are continuing to work with licensees to improve this ratio.



#### Figure 3.3: CFR change requests compared to uptake

3.9 As part of our obligation to ensure the information in the CFR is up to date and correct we audit data. To do this we use software to find anomalies in the data held within the CFR. As a result of these audits, we are able to identify faults and contact licensees to address them. In most cases, our findings will result in the licensee needing to submit change requests in order to rectify mistakes in data input. **Figure 3.4** shows the number of issues found in data audits as a percentage of the total number of installations and from this, and figure 3.3, we can see that from the start of Year Three there was an initial increase in change requests to amend errors. Once the initial errors had been corrected, fewer were subsequently detected correlating with reductions in change requests.



#### Figure 3.4: Issues found in data audits as percentage of total number of installations

#### Capacity by Technology Type

3.10 **Figure 3.5** shows the TIC of all registered installations by technology type in comparison to previous years. As of 31 March 2014 just under 2.4 GW in capacity was registered under the scheme. The percentage share of solar PV has continued to fall over the last two years from 94% in Year Two to 79% in Year Four. The percentage of installed capacity of wind has increased from 4% in Year Two to 11% in Year Three and 14% in Year Four. Similarly, AD has increased in proportion from 1% in Year Two to 5% in Year Four. The increase in wind and AD is a result in developments within the respective markets.

3.11 It is not easy to analyse the significance of non-PV degression as this is a relatively new area of policy. We anticipate that the drop in non-PV tariffs at the end of Year Four, which caused a rush in applications prior to 31 December 2013, will see a rise in installed capacity in Year Five and potentially Year Six when preliminary applications are converted into full. Equally, full accreditation applications prior to December 2013 may not yet be included in these figures as it may have taken until after the end of Year Four for their applications to be fully accredited and for registration with a licensee to occur.

#### Figure 3.5: TIC by technology type



#### **Capacity by installation type**

3.12 An installation's 'type' is set on registration. It identifies whether it is domestic, commercial, industrial or a community installation. References to Community type installations do not necessarily relate to the 'Community Organisation' as defined by the Order<sup>15</sup>. **Figure 3.6** shows the TIC of different technology types by each year. From this it is evident that the proportional capacity of commercial installations has continued to grow steadily from 18% in Year One to 39% in Year Four as commercial property owners are becoming more aware of the long term investment opportunities of FITs. This also correlates with the increases in the wind and AD markets mentioned above as both of these are typically associated with non-domestic properties.

<sup>&</sup>lt;sup>15</sup> In this respect community would mean any installation owned, operated, benefiting or located at a community site. It is a description used within the CFR for statistical reporting and pre-dates community and schools legislations.





#### Figure 3.6: Total installed capacity by installation type for each FIT Year

3.13 **Figure 3.7** displays the breakdown of all installation types by the percentage of TIC and number of installations as of the end of Year Four across all four years. It highlights the large proportion of installations defined as domestic under the scheme (96%). Significantly, when viewed by percentage of TIC however, domestic installations consisted of only 65% of the total capacity. This disparity between the percentage of total installations and total capacity is particularly relevant for commercial installations, which comprise 3% of the total number of installations registered, but 30% of the total capacity. This indicates the larger average size of commercial installations registered under the scheme.





#### Average TIC per installation by technology type

3.14 By analysing registered installations under the scheme, it is possible to determine the average TIC of installations by both installation and technology type. **Figure 3.8** displays the average TIC of installations by installation type for each of the four years of the scheme. This shows that the average capacity of domestic installations (3-4 kW) has differed very little over

the four years of the scheme. The average size of community installations (12-14 kW) has also changed very little. The average size of industrial installations increased notably in Year Two (113 kW), dropped a little in Year Three (101 kW) and returned to similar levels in Year Four (112 kW). The same pattern is seen for commercial properties (53 kW, 39 kW and 52 kW respectively).





3.15 A breakdown of the average TIC of installations by technology type is displayed in **Figure 3.9**. As with the average capacity by installation type, significant variation between the average capacities of different technology types can be identified. As shown above, the average installation size of both solar PV and wind technologies has increased since Year One. The average capacity of both solar PV and micro-CHP has been relatively steady over the last three years. For solar PV this indicates that the market has reached a plateau and is in direct correlation to the average capacity of domestic installations. The minimal change in micro-CHP is directly linked to the very small uptake each year for this technology type. The number of wind installations registered has been inconsistent across the last four years (1345, 1116, 2227 and 740 respectively), but despite this there has been a continued increase in average capacity of wind installations which demonstrates the increased prevalence of this technology type demonstrating that those installations now being registered must have a larger capacity than in previous years, which is due to the reduction in costs of installation.

3.16 There is a correlation between the reduced non-domestic capacity between Year Two and Year Three and the reduction in AD and hydro capacity over the same period. This is due to the fact that AD and hydro installations tend to be on non-domestic properties. This correlation continued into Year Four for AD however, the downturn in hydro's average capacity continued for the third year in a row. The number of hydro installations registered has remained relatively consistent over the last two years (65 in Year Two, 100 in Year Three and 91 in Year Four) so it would appear that despite the number of installations increasing, the average capacity is reducing suggesting that new installations are of a smaller capacity than those previously installed. This suggests that there are only a finite number of locations for hydro installations and those sites that can offer larger capacities have been installed first, hence why the size of installations has continued to reduce.





#### Yearly overview

3.17 **Figure 3.10** gives a breakdown of installations registered by month for all four years. We are able to see that uptakes have fluctuated month by month. The tariffs for solar PV have only been cut as a result of automatic degression on 1 July (0-50 kW) and 1 January (>50 kW and stand alone). This indicates that uptake is kept at a steady rate by tariff drops at 3.5% every nine months. Uptake was around the monthly average of 7,500 with the exceptions being June and December. Both of these months immediately preceded an automatic degression so it can be reasoned that applicants tried to register their installations in advance of tariff cuts. Further evidence of this can be seen later in Figure 4.5.



#### Figure 3.10: Uptake by month

#### **GB** regional overview

3.18 **Figure 3.11** illustrates the registration of new installations by GB regions in each FIT Year. The increase in installations during the second year of the scheme is prominent across all regions in addition to the relative reduction in installations registered during Year Three. In Year Four the uptake has been less across all regions except the north east.



Figure 3.11: Regional uptake since 1 April 2010

3.19 **Figure 3.12** shows the total installations from 1 April 2010 to 31 March 2014 across all regions. It shows that despite the number of registrations slowing across all regions over the last year, there is still a growing disparity between regions, with greatest increases in the south east and south west.





3.20 **Figure 3.13** details the breakdown of TIC (MW) by region within Great Britain, in addition to the percentage of TIC by technology. By analysing the TIC across regions it is easy

to see that the largest capacity exists in the south, followed by the eastern regions and Scotland. Across all regions, the significance solar PV has on FIT uptake is also noticeable, with all regions (except Scotland) having the majority of capacity registered as solar PV.

3.21 Micro-CHP installations represent 491 kW (0.02%) of TIC under the scheme as at the end of Year Four. Due to the very low percentage of this technology, Micro-CHP capacity has been removed from the regional breakdowns in Figure 3.13.





3.22 **Figure 3.14** provides an overview of the total number of registered new installations by region, in addition to the percentage of total installations across Great Britain. It shows that the majority of installations are again focused in southern regions but the regional disparity is less marked than last year's when almost one third of installations were in the south. This has now been reduced to only around one fifth.





#### **Electricity generated and exported**

3.23 During the fourth year of the scheme licensees reported total generation of 2,645 GWh of electricity and 652 GWh of total exported electricity by accredited installations. **Figure 3.15** provides a breakdown of total generation by FIT Year.



Figure 3.15: Total generation by FIT Year against scheme cost

3.24 As illustrated by Figure 3.15, the total generation has increased substantially between years. This is due to the increase in installations each year and we can see that the relative difference in generation between Years Two and Three and the difference between Years Three and Four is similar to the relative difference in cumulative installations as discussed above.

3.25 Before the scheme began, DECC predicted that by 2020 FIT installations would be generating 6 TWh of electricity. Using linear interpolation that would equate to 2.4 TWh of electricity being generated by the end of Year Four. The total electricity generated under the scheme was 2.6 TWh. This exceeds the original targets but given that the number of installations registered at the end of Year Four far exceeds predictions, we would equally expect generation to outstrip expectations. The fact that FITs is only just exceeding generation targets indicates that the uptake of larger installations (that would generate far more electricity) has been much lower than DECC's original prediction. This is due to the overwhelming majority of installations being solar PV with very low load factors and small capacity in comparison to other technologies. DECC has recently announced intended changes aimed at promoting uptake of larger scale installations. These are expected to be finalised towards the end of Year Five and will be included in the Year Five Annual Report.

3.26 Exported electricity is significantly lower in volume than generation across each year. This is because a lot of installations use generation on-site, rather than exporting it. For sub-30 kW installations, export is usually 'deemed' at 50% of generation for all technologies (apart from hydro, which is deemed at 75%). The majority of larger installations (74% of plus 50 kW installations), that do export electricity sell their export outside of the scheme under power purchase agreements so this export is not represented in the chart above. Whilst we can see that the amount recorded as being exported under FITs has dropped, FIT export payments have continued to rise, which would indicate that a larger proportion of generation is deemed or used on-site than previously.

# 4. Effects of changes to legislation and degression

#### **Chapter summary**

The FIT scheme has been subject to a number of significant amendments since it was introduced. Here we summarise the key changes that happened in Year Four.

#### FIT legislation amendments in 2013

4.1 Amendments to the FIT Order and Standard Licence Conditions came into force on 1 July 2013. These were introduced as the final piece of work form phase 2C of DECC's Comprehensive Review 2012.

4.2 The FIT (Amendment) Order 2013<sup>16</sup> laid down provisions in two main areas. The first makes provision in new Article 24A of the Order for actions to be taken in the event of a FIT licensee having its electricity supply licence revoked by the Authority or as a result of it entering insolvency. The Authority may act in a similar manner to how it would when nominating a Supplier of Last Resort<sup>17</sup>. In the event of a licence revocation we may nominate another FIT licensee to make FIT payments to any generators previously receiving payments from the now defunct licensee. New Article 24B also makes provision for those generators who have applied for accreditation, but had not yet received it at the time of license revocation. The new power envisages a 'Continuity of FIT Payments Direction' which, as its name suggests, is intended to ensure that generators do not lose entitled payments for reasons beyond their control.

4.3 The second main area of new legislation is around levelisation. New articles 30A to 30D of the Order make provision for the following areas:

- Mutualisation how costs arising from the non-payment of periodic levelisation payments are allocated among other suppliers. Mutualisation only occurs if the shortfall in payments is greater than the lower trigger point as set by the Secretary of State. There is an upper cap of the amount that can be mutualised, which is also set by the Secretary of State. For Year Four, mutualisation would have occurred if the nonpayments were greater than £1.7m. The upper cap was £16.9m.
- Termination of supply licence linked with continuity of FIT payments as mentioned above and deals with how to treat a supplier's levelisation obligation in the event of licence revocation.
- Levelisation correction this gives us the authority to make levelisation corrections, including in relation to misreporting of levelisation data by licensees.
- Late payments similar to levelisation correction, this allows us to redistribute funds if it has been found that a supplier has not paid the correct amount during levelisation. We have used this authority when correcting misreporting from previous years as discussed in Chapter One.

4.4 As well as the two main parts of legislation mentioned above, the FIT (Amendment) Order 2013 also laid down the authority for the Secretary of State to set the mutualisation trigger range as well as updating and amending some definitions within the FIT Order.

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<sup>&</sup>lt;sup>16</sup> <u>http://www.legislation.gov.uk/uksi/2013/1099/pdfs/uksi\_20131099\_en.pdf</u>

<sup>&</sup>lt;sup>17</sup> https://www.ofgem.gov.uk/publications-and-updates/supplier-last-resort-revised-guidance

4.5 The main updates to the Standard License Conditions<sup>18</sup> (SLCs) require licensees to comply with the Authority's direction on 'Continuity of FIT Payments'. Other amendments include:

- A requirement for generators to maintain their own records for one year (this ties in with 'Continuity of FIT Payments').
- Further details of the requirement to keep records for five years.
- An update to energy efficiency definitions and meanings.

#### Non-solar PV degression

4.6 Preliminary accreditation became available for all ROO-FIT installations with effect from 1 December 2012. This allows generators to fix their tariff date to the date of application for preliminary accreditation as long as they complete the commissioning of the installation within the 'validity period' (six months for solar PV, one year for AD and wind and two years for hydro).

4.7 When the total capacity of installations registered (deployment) over a defined period reaches a predetermined level for that period, the tariffs will be cut (degression) by a preset amount. Deployment figures are produced monthly by DECC and are published on its website. The first non-solar PV degression took place on 1 April 2014. All technology groups were to receive a minimum 2.5% degression, regardless of deployment (except wind greater than 100 kW – 5%). Industry has been aware of the first degression since it came into effect as an annex to the SLCs and as such has promoted its products and rushed to have eligibility dates and tariffs set as being before the 1 April 2014 degression.

4.8 The FIT legislation states that any installation with an eligibility date between 1 January and 31 March will receive the tariff in force on 1 April that year. With the tariffs for non-solar PV technologies due to degress on 1 April 2014, this meant that any new applicants would need an eligibility date on or before 31 December 2013.

4.9 Based on **Figure 4.1**, degression should have triggered for each category. However, AD installations greater than 500 kW did not degress as legislation requires that similar levels of AD deployment were reached in previous years for degression to have occurred on 1 April 2014. What we saw in the final months of 2013 was effectively a rush on the scheme as applicants wanted their own installation to have the pre-1 April 2014 tariff, so they ensured they applied in sufficient time to have an eligibility date on or before 31 December 2013. Within industry, organisations were aware that maximum degression was likely due to a large number of organisations wishing to secure the higher tariff; this in turn encouraged even more applications for the scheme prior to 1 January 2014. Ofgem is required to publish new tariff rates were published on 1 February 2014 using deployment figures released by DECC in January 2014.

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https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/224908/signed\_licence\_mod\_July\_20 12.pdf

Figure 4.1: Non-solar PV deployment rates published in January 2014 for January to December 2013



4.10 As can be seen from **Figure 4.2**, the number of ROO-FIT applications received increased gradually as 2013 progressed until the large influx in application numbers seen in December 2013. The vast majority of applications were for preliminary accreditation and most applicants left it until as late as possible to submit their applications, thus leaving them as long as possible to commission their installations and making the most of the pre-accreditation tariff guarantee.





4.11 The number of applications we received was far greater than we would normally receive and they have put a large strain on our resource. To put this into context, in the final three months of Year Three (following the introduction of preliminary accreditation) we received 180 full applications and 110 preliminary applications. In December 2014 alone we received 117 full applications and 1006 preliminary accreditations. We were aware that a large number of applications would arrive in December 2013 and as such we introduced a series of efficiency measures ahead of time, including a simplification of our internal processes and refinement of our Guidance for Generators<sup>19</sup>. This work has continued throughout 2014 and further efficiencies have been introduced, which we will report in the Year Five Annual report.

#### Solar PV degression

4.12 On 1 November 2012, the degression mechanism for solar PV technologies was introduced under the scheme by DECC. This mechanism allowed for the reduction in tariffs for new solar PV installations, usually on a quarterly basis, and was affected by the level of solar PV deployment in the preceding period bar one. The Secretary of State sets different thresholds for deployment and their respective degression percentages each year. **Figure 4.3** shows the cumulative deployment numbers for FIT Year Four; deployment triggers were reached only once, which was for over 50 kW installations due on 1 July 2014. The degression mechanism also cuts tariffs automatically every nine months irrespective of deployment. In Year Four this happened on 1 May 2013 for greater than 50 kW and stand alone; 1 July 2013 for 0 – 50 kW; and 1 January 2014 for greater than 50 kW and stand alone.



#### Figure 4.3: Solar PV degression chart

#### Communities and schools

4.13 In FIT Year Three, we received only three community and school applications. Since then the scheme has started to gather momentum and the number of applications have increased, but average monthly numbers remain low. We have seen a number of community

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<sup>&</sup>lt;sup>19</sup> <u>https://www.ofgem.gov.uk/publications-and-updates/feed-tariff-guidance-renewable-installations-version-7-june-2014</u>

organisations applying on behalf of educational institutions. We consider that this happens because the community group helps the school with the end to end process from sourcing panels to applying for application. The other factor is that community energy installations need not have commissioned and can also apply for tariff guarantee, which an education provider cannot receive. In Year Four 76 of the 142 (54%) community applications fell into this category. **Figure 4.4** shows the numbers of applications received during Year Four as well as the number of community groups applying on behalf of schools.





#### Effect of changes in legislation and policy

4.14 **Figure 4.5** shows a direct correlation between uptake, degression and tariff reduction dates. There is also a surge in generators applying to have installations accredited before the dates on which tariff rate reductions become effective. The solar PV industry has settled to a state where they no longer deploy at such a rate as to trigger degression as we saw with non-solar PV degression at the end of the year (see non-solar PV degression section above). However, as already mentioned we do see a surge in applications immediately before a mandated degression is due to occur; this minimum 3.5% degression every 9 months is anticipated by industry and therefore there is a small surge before the associated tariff drop.





### 5. Change and evolution of FITs

#### **Chapter summary**

The FIT scheme has been subject to a number of significant amendments since it was introduced. This chapter summarises the key changes that happened in Year Four and looks ahead to forthcoming changes.

5.1 Over the last four years we have seen several legislative and policy changes introduced that have resulted in FITs becoming more complex. Many changes occurred in the scheme in Year Three and given the change of uptake there is little doubt that these changes have helped to stabilise the scheme. With little significant legislative or policy change in Year Four we are now more able to assess the effects of previous changes, such as the introduction of the degression mechanism, energy efficiency requirements (EER) and preliminary accreditation for ROO-FIT scale installations.

5.2 The effect of solar PV tariff cuts in March 2012 prompted installers to increase their marketing of the scheme raising the awareness of the remuneration available to consumers/generators. This meant there was a surge in uptake in the second half of Year Two before the tariff cuts. Surges in accreditation ahead of solar PV degression in Year Three caused peaks and troughs in uptake. The overall uptake dropped off in Year Four but it has been more consistent and there have been fewer peaks and troughs. This suggests that the solar PV industry is now only aiming for large numbers of installs prior to a mandatory tariff cut, and at other times is installing at a steady rate. The fact that we only see a small rise in applications prior to an obligatory tariff drop suggests that the industry is less affected by degression than it once was and that it has learned that a steady rate of uptake is better overall than a rush of applications that will continue to trigger degression. We expect that this will be mirrored in the non-PV markets over the coming years and that we will see fewer events similar to the rush seen in December 2013. That being said, there was another degression triggered in October 2014, which caused another spike in application numbers, but at a lower level than before, indicating that the cost control mechanisms are now starting to become effective.

5.3 The EER introduction in April 2012 has had a notable effect on the scheme. The majority (80% at the end of Year Four) of installations subject to EER have an EPC of Level D or above and qualify for the higher tariff rate. This means that the majority of homes applying for FITs are energy efficient. It is unknown whether these homes achieved a Level D EPC in order to benefit from the higher tariff rate or in spite of it.

5.4 When it has been determined that a relevant building is exempt from the EER, the licensee is required to provide sufficient explanation when the installation is registered on the CFR. Shortly after the EER was introduced we began to check the explanations that licensees submitted and found that a large proportion were lacking the required detail. We have worked with licensees and are now seeing that instances of EER misreporting are considerably lower than in 2012.

5.5 There is little doubt that preliminary accreditation has been very popular with industry. We need only look at Figure 4.2 to see that we receive more applications for preliminary accreditation than for full accreditation. Introducing preliminary accreditation has allowed installers a much higher level of certainty about the tariff that will be awarded on successful commissioning. There is now far more encouragement to undertake larger and more complex installations. At the time of writing it is difficult to say what proportion of these applications converted to full accreditation within the allotted time frame as for some, their limit to convert remains extant.

5.6 The queries that we received from licensees about compliance have changed over the last year. In the early years of the scheme queries were, for the most part, quite generic. The

queries we are receiving are now very more specific to individual circumstances and would not be covered by generic guidance. This is a sign of the changing nature of the scheme and the fact that after four years of the scheme, and a period of little legislative change, the more established licensees are now more competent in the day to day requirements of FITs. The nature of queries that we receive is also indicative of the age of the scheme and we are now starting to provide guidance on issues such as change of ownership of homes and installations and replacing components due to age related deterioration or damage.

5.7 As the scheme changed in complexity we strove to ensure that our guidance remained fully updated. In Year Four we updated our 'Guidance for Licensed Electricity Suppliers' as well as our guidance for use of the CFR. We also held regular stakeholder engagement events and operated an 'open house' policy whereby we were happy to help licensees in any way we were reasonably able to. We maintain the 'open house' policy as we believe that prevention is far better than cure and it is in everyone's interests to get it 'right first time' rather than take corrective, or potentially punitive, action at a later date.

5.8 The overall level of uptake remains healthy and despite the massive surge in Year Two the rate of uptake in Year Four is similar to that originally predicted by DECC, as shown in **Figure 5.1**. As previously discussed though, the level of uptake at the higher end of the capacity range has remained low. Looking ahead to Year Five, we are expecting DECC to make changes to policy in order to encourage uptake in the greater than 250 kW capacity sector of solar PV for 'non-standalone' installations. This should allow us to see an increase in the uptake by commercial and industrial scale participants. We also expect DECC to make announcements about changes to encourage uptake by community groups. Additionally, a review of the FIT scheme by DECC is due to take place in 2015.



#### 5.9 **Figure 5.1: FIT uptake and generation against DECC predictions**

# Appendix 1: Non-compliant licensed electricity suppliers

**Figure A1.1** lists those suppliers that did not supply data for one or more of the periodic levelisation procedures and/or annual levelisation in Year Four.

Supplier name	Electricity supply licence	Notes
Abacus Finance Ltd	Abacus Finance Ltd	Q1
Amrecs LLC	Amrecs LLC	Annual
BES Commercial Electricity Ltd	Business Energy Solutions	Q2, Q3, Q4
Better Business Energy Ltd	Better Business Energy Ltd	Q1, Q2, Q3, Q4, Annual
Brilliant Energy Ltd	Brilliant Energy Ltd	Q1, Q2, Q3, Q4
Coulomb Energy Supply Ltd	Coulomb Energy Supply Ltd	Q2, Q3
Econergy Europe Ltd	Econergy Europe Ltd	Q2, Q3, Q4
Ecotrade Solutions Ltd	Ecotrade Solutions Ltd	Q1, Q2, Q3, Q4, Annual
Gilmond Consulting	Supply Energy Ltd	Q1
Home Counties Energy plc	Home Counties Energy plc	Q1, Q3
iSupply Energy Ltd	Energy Co-op Ltd	Q2
KAL-Energy Ltd	KAL-Energy Ltd	Annual
Kensington Power Ltd	Kensington Power Ltd	Annual
Lourdes Associates Ltd	Lourdes Associates Ltd	Q1, Q3, Q4, Annual
Lumen Energy Supply Ltd	Lumen Energy Supply Ltd	Q2, Q3
Metonomi Ltd	Metonomi Ltd	Q2, Q3, Q4
Nationwide Electricity Ltd	Nationwide Electricity Ltd	Q1, Q2, Q3, Q4, Annual
Oberon Energy Supply Ltd	Oberon Energy Supply Ltd	Q2
Open4Energy Ltd	Open4Energy Ltd	Q2, Q4, Annual
Pan-Utility Ltd	Pan-Utility Ltd	Q1
R Electrics Ltd	R Electrics Ltd	Q1, Q2, Q3, Q4, Annual
S. C. Isramart SRL	S. C. Isramart SRL	Q1, Q2, Q3, Q4, Annual
Smarter Eco Energy Ltd	Smarter Eco Energy Ltd	Annual
Statkraft UK Ltd	Statkraft Markets GmbH	Q1
Team Gas and Electricity Ltd	Team Gas and Electricity Ltd	Q1, Q2, Q3, Q4, Annual
The Midcounties Co-operative Ltd	Energy 2 Sell Ltd	Q2, Q3
UK Healthcare Corporation Ltd	UK Healthcare Corporation Ltd	Q4
Universal Bioenergy Ltd	Universal Bioenergy Ltd	Q1, Q2, Q3, Q4, Annual
Utilisoft Ltd	Callisto Energy Supply Ltd	Q2
Vattenfall Energy Trading GmbH	Vattenfall Energy Trading GmbH	Annual
Winnington Networks Ltd	Winnington Networks Ltd	Q2, Q4, Annual

Figure A1.1: Non-compliant suppliers in respect of failure to supply data

**Figure A1.2** lists those suppliers that reported data late for a periodic levelisation and/or annual levelisation for Year Four. This includes where data was found to be incorrect and subsequently re-submitted.

#### Figure A1.2: Late submission of data to Ofgem by suppliers

Supplier name	Electricity supply licence	notes
Axpo Ltd	Axpo Ltd	Annual
Blizzard Utilities Ltd	Blizzard Utilities Ltd	Annual
BP Power Trading Ltd	BP Energy Europe Ltd	Q4
Brilliant Energy Ltd	Brilliant Energy Ltd	Annual
Corona Group	Corona Energy Retail 5 Ltd	Q3
Crown Oil Ltd	Crown Oil Ltd	Annual
Dual Energy Direct Ltd	Dual Energy Direct Ltd	Annual
Economy Energy Trading Ltd	Economy Energy Trading Ltd	Q1
Eneco Energy Trade BV	Eneco Energy Trade BV	Annual
Energy Data Company Ltd	Energy Data Company Ltd	Q2
EPG Energy Ltd	EPG Energy Ltd	Q4, Annual
F & S Energy Ltd	F & S Energy Ltd	Q2
Flow Energy Ltd	Flow Energy Ltd	Q1, Annual
Gazprom Marketing & Trading Retail Ltd	Gazprom Marketing & Trading Retail Ltd	Annual
Gilmond Holdings Ltd	I Supply Electricity 2 Ltd	Annual
	I Supply Electricity Ltd	Annual
	I Supply Energy 3 Ltd	Q3
	Simply Electricity Ltd	Annual
	Supply Energy Ltd	Annual
Gnergy Ltd	Gnergy Ltd	Q3, Annual
ICS 1989	Bayswater Energy Ltd	Q1
ICS 1989	ICS 1989 Ltd	Q1
Immingham CHP LLP	Immingham CHP LLP	Q2
iSupply energy Ltd	I Supply Energy Ltd	Annual
Krave Management Ltd	Krave Management Ltd	Q4
MA Energy Ltd	MA Energy Ltd	Annual
Nordjysk Elhandel A/S	Nordjysk Elhandel A/S	Annual
Open4Energy Ltd	Open4Energy Ltd	Q3
Power Assured Ltd	Economy Energy Supply Ltd	Q4
Smart Electricity Ltd	Smart Electricity Ltd	Annual
Statkraft UK Ltd	Statkraft Markets GmbH	Annual
Symbio Energy LLP	Symbio Energy LLP	Q2, Annual
The Midcounties Co-operative	Energy Co-op Ltd	Q3
Tradelink Solutions Ltd	Tradelink Solutions Ltd	Annual
UPBO	Addito Energy Supply Ltd	Q1, Q2, Q3, Q4,
		(reconciled in Annual)
	Extra Energy Supply Ltd	Q1, Q2, Q3, Q4,
		(reconciled in Annual)
Vittenfall Energy Trading Crabil	UTTLY (UK) LCO	Annual
vattenrali Energy Trading GmbH	vattenfall Energy Trading GmbH	Q4

**Figure A1.3** lists those suppliers that did not submit cleared funds to fulfil their liability into the levelisation fund until after the scheduled deadlines during Year Four.

#### Figure A1.3: Late payments by suppliers into the levelisation fund

Supplier name	Electricity supply licence	Notes
UPBO	Addito Energy Supply Ltd	Annual
	Extra Energy Supply Ltd	Annual

### Appendix 2: Quarterly payments by licensees

These tables show the pre-reconciled total value of quarterly payments claimed by accredited FIT generators, as reported to Ofgem by FIT licensees.

#### Total FIT generation Licence name **Total FIT export Total FIT** payments made payments made payments £19,076,496.93 £722,175.34 £19,798,672.27 British Gas Trading Callisto Energy Supply Ltd £0.00 £0.00 £0.00 £291,501.20 Co-operative Energy Ltd £17,633.24 £309,134.44 Coulomb Energy Supply £0.00 £0.00 £0.00 Ltd Donnington Energy Ltd £0.00 £0.00 £0.00 £1,024,696.67 E.ON Energy Ltd £25,117,667.11 £26,142,363.78 E.ON UK plc £0.00 £0.00 £0.00 E.On Energy Solutions £0.00 £0.00 £0.00 Economy Power Ltd £0.00 £0.00 £0.00 EDF Energy Customers plc £14,551,691.50 £575,244.03 £15,126,935.53 Electricity Plus Supply Ltd £2,412,248.16 £110,860.89 £2,523,109.05 Energy Coop Ltd £0.00 £0.00 £0.00 Europa Energy Supply Ltd £0.00 £0.00 £0.00 F & S Energy Ltd £0.00 £0.00 £0.00 Farmoor Energy Ltd £0.00 £0.00 £0.00 £615,245.05 £31,941.18 £647,186.23 First Utility Ltd Flow Energy Ltd £0.00 £0.00 £0.00 Ganymede Energy Supply £0.00 £0.00 £0.00 Ltd Garsington Energy LTD £660,918.39 £18,020.35 £678,938.74 £10,447.15 Gaz de France Marketing £10,447.15 £0.00 Ltd £26,991,233.70 £828,197.36 Good Energy Ltd £27,819,431.06 Haven Power Ltd £0.00 £0.00 £0.00 I Supply Electricity 2 £0.00 £0.00 £0.00 I Supply Electricity Ltd £0.00 £0.00 £0.00 I Supply Electricity Ltd 3 £0.00 £0.00 £0.00 I Supply Energy £775,679.81 £30,852.53 £806,532.34 Lumen Energy Supply Ltd £0.00 £0.00 £0.00 Neas Energy Ltd £0.00 £0.00 £0.00 Npower Direct Ltd £1,153,358.35 £41,389.61 £1,194,747.96 Npower Ltd - GB £9,415,752.93 £205,975.60 £9,621,728.53 Npower Northern Ltd £5,957,813.34 £262,778.99 £6,220,592.33 Npower Northern Supply £0.00 £0.00 £0.00 Ltd Npower Yorkshire Ltd £666,185.93 £28,861.33 £695,047.26 Npower Yorkshire Supply £0.00 £0.00 £0.00 Ltd Oberon Energy Supply Ltd £0.00 £0.00 £0.00 £0.00 £0.00 **Open4Energy Ltd** £0.00 Opus Energy (Corporate) £0.00 £0.00 £0.00 Ltd Opus Energy Ltd £7,923,986.00 £21,672.77 £7,945,658.77

#### Figure A2.1: FIT payments claimed for the period 1 April 2013 to 30 June 2013

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Licence name	Total FIT generation	Total FIT export	Total FIT
	payments made	payments made	payments
Pan-Utility Ltd	£0.00	£0.00	£0.00
Power4All Ltd	£0.00	£0.00	£0.00
Renewable Energy	£1,574,366.18	£64,589.66	£1,638,955.84
Company Ltd (Ecotricity)			
Reuben Power Supply Ltd	£0.00	£0.00	£0.00
Scottish Power Energy	£9,779,195.87	£451,144.91	£10,230,340.78
Retail Ltd			
Seeboard Energy Ltd	£0.00	£0.00	£0.00
Smartest Energy	£14,155,100.37	£1,195.64	£14,156,296.01
South Wales Electricity Ltd	£0.00	£0.00	£0.00
Spark Energy Supply Ltd	£3,310.53	£464.12	£3,774.65
SSE Energy Supply Ltd	£17,780,793.76	£664,791.40	£18,445,585.16
Statkraft Markets GmbH	£0.00	£0.00	£0.00
Supply Energy Ltd	£0.00	£0.00	£0.00
Symbio Energy LLP	£2,567.86	£526.59	£3,094.45
The Energy Data Company	£0.00	£0.00	£0.00
Ltd			
Total Gas & Power UK	£782,811.87	£1,276.32	£784,088.19
Tradelink Solutions Ltd	£1,646,334.02	£11,448.59	£1,657,782.61
UK Healthcare Corporation	£0.00	£0.00	£0.00
Ltd			
Utilita Electricity Ltd	£8,042.76	£374.50	£8,417.26
Utility Partnership Ltd	£0.00	£0.00	£0.00
Total	£151,936,99 <u>5.84</u>	£4,910,136.02	£156,847,13 <u>1.86</u>

#### Figure A2.2: FIT payments claimed for the period 1 July 2013 to 30 September 2013

Licence name	Total FIT generation	Total FIT export	Total FIT
	payments made	payments made	payments
British Gas Trading	£31,107,977.13	£1,128,210.97	£32,236,188.10
Callisto Energy Supply Ltd	£0.00	£0.00	£0.00
Co-operative Energy Ltd	£678,730.15	£85,334.93	£764,065.08
Coulomb Energy Supply	£0.00	£0.00	£0.00
Ltd			
Donnington Energy Ltd	£0.00	£0.00	£0.00
E.ON Energy Ltd	£51,217,243.55	£2,280,059.51	£53,497,303.06
E.ON UK plc	£0.00	£0.00	£0.00
E.On Energy Solutions	£0.00	£0.00	£0.00
Economy Power Ltd	£0.00	£0.00	£0.00
EDF Energy Customers plc	£14,551,691.50	£558,074.80	£15,139,766.30
Electricity Plus Supply Ltd	£2,718,004.97	£133,452.84	£2,851,457.81
Energy Coop Ltd	£0.00	£0.00	£0.00
Europa Energy Supply Ltd	£0.00	£0.00	£0.00
F & S Energy Ltd	£0.00	£0.00	£0.00
Farmoor Energy Ltd	£0.00	£0.00	£0.00
Farmoor Energy Ltd	£0.00	£0.00	£0.00
First Utility Ltd	£757,179.72	£44,745.88	£801,925.60
Flow Energy Ltd	£0.00	£0.00	£0.00
Ganymede Energy Supply Ltd	£0.00	£0.00	£0.00
Garsington Energy LTD	£720,661.86	£18,211.85	£738,873.71

Licence name	Total FIT generation	Total FIT export	Total FIT
	payments made	payments made	payments
Gaz de France Marketing Ltd	£13,612.09	£0.00	£13,612.09
Good Energy Ltd	£29,014,346.96	£969,791.20	£29,984,138.16
Haven Power Ltd	£0.00	£0.00	£0.00
I Supply Electricity 2	£0.00	£0.00	£0.00
I Supply Electricity Ltd	£0.00	£0.00	£0.00
I Supply Electricity Ltd 3	£0.00	£0.00	£0.00
I Supply Energy	£965,254.72	£38,992.92	£1,004,247.64
Lumen Energy Supply Ltd	£0.00	£0.00	£0.00
Neas Energy Ltd	£0.00	£0.00	£0.00
Npower Direct Ltd	£1,542,931.75	£58,161.93	£1,601,093.68
Npower Ltd - GB	£12,247,086.44	£292,288.71	£12,539,375.15
Npower Northern Ltd	£8,782,796.73	£408,332.06	£9,191,128.79
Npower Northern Supply Ltd	£0.00	£0.00	£0.00
Npower Yorkshire Ltd	£870,009.06	£40,521.04	£910,530.10
Npower Yorkshire Supply Ltd	£0.00	£0.00	£0.00
Oberon Energy Supply Ltd	£0.00	£0.00	£0.00
Open4Energy Ltd	£0.00	£0.00	£0.00
Opus Energy (Corporate) Ltd	£0.00	£0.00	£0.00
Opus Energy (Corporate) Ltd	£0.00	£0.00	£0.00
Opus Energy Ltd	£7,382,681.52	£24,106.01	£7,406,787.53
Ovo Electricity Ltd	£0.00	£0.00	£0.00
Pan-Utility Ltd	£0.00	£0.00	£0.00
Power4All Ltd	£0.00	£0.00	£0.00
Renewable Energy Company Ltd (Ecotricity)	£1,652,014.06	£71,219.29	£1,723,233.35
Reuben Power Supply Ltd	£0.00	£0.00	£0.00
Scottish Power Energy Retail Ltd	£14,273,717.03	£727,537.17	£15,001,254.20
Seeboard Energy Ltd	£0.00	£0.00	£0.00
Smartest Energy	£10,575,252.74	£819.70	£10,576,072.44
South Wales Electricity Ltd	£0.00	£0.00	£0.00
Spark Energy Supply Ltd	£8,357.30	£1,221.05	£9,578.35
SSE Energy Supply Ltd	£33,483,012.46	£1,207,112.98	£34,690,125.44
Statkraft Markets GmbH	£0.00	£0.00	£0.00
Supply Energy Ltd	£0.00	£0.00	£0.00
Symbio Energy LLP	£8,785.15	£1,329.93	£10,115.08
The Energy Data Company Ltd	£0.00	£0.00	£0.00
Total Gas & Power UK	£555,285.41	£1,839.26	£557,124.67
Tradelink Solutions Ltd	£1,444,399.83	£5,997.57	£1,450,397.40
UK Healthcare Corporation Ltd	£0.00	£0.00	£0.00
Utilita Electricity Ltd	£18,382.32	£933.50	£19,315.82
Utility Partnership Ltd	£0.00	£0.00	£0.00
Total	£224,589,414.45	£8,098,295.10	£232,717,709.55

### Figure A2.3: FIT payments claimed for the period 1 October 2013 to 31 December 2013

Licence name	Total FIT generation	Total FIT export	Total FIT
British Gas Trading	£23 728 955 28	fragments made	£24.625.044.47
Callisto Energy Supply Ltd	£23,720,555.20 £0.00	£0.00	£24,023,044.47 £0.00
Co-operative Energy Ltd	£329 532 47	£44 562 05	£374 094 52
Coulomb Energy Supply	£0.00	£0.00	£0.00
Ltd			
Donnington Energy Ltd	£0.00	£0.00	£0.00
E.ON Energy Ltd	£34,986,996.45	£1,669,194.51	£36,656,190.96
E.On Energy Solutions	£0.00	£0.00	£0.00
E.ON UK plc	£0.00	£0.00	£0.00
Economy Power Ltd	£0.00	£0.00	£0.00
EDF Energy Customers plc	£9,926,090.01	£377,264.84	£10,303,354.85
Electricity Plus Supply Ltd	£1,055,871.61	£54,578.39	£1,110,450.00
Energy Coop Ltd	£0.00	£0.00	£0.00
Europa Energy Supply Ltd	£0.00	£0.00	£0.00
F & S Energy Ltd	£70,749.00	£0.00	£70,749.00
Farmoor Energy Ltd	£0.00	£0.00	£0.00
First Utility Ltd	£298,610.32	£18,171.25	£316,781.57
Flow Energy Ltd	£0.00	£0.00	£0.00
Ganymede Energy Supply	£0.00	£0.00	£0.00
Garsington Energy LTD	£365 654 08	£9 752 44	£375 406 52
Gaz de France Marketing	£11 568 59	£1,752.44 £1,240.08	
Ltd	211,500.55	21,210.00	212,000.07
Good Energy Ltd	£13,772,793.67	£423,289.16	£14,196,082.83
Haven Power Ltd	£0.00	£0.00	£0.00
I Supply Electricity 2	£0.00	£0.00	£0.00
I Supply Electricity Ltd	£0.00	£0.00	£0.00
I Supply Electricity Ltd 3	£0.00	£0.00	£0.00
I Supply Energy	£319,813.16	£11,995.12	£331,808.28
Lumen Energy Supply Ltd	£0.00	£0.00	£0.00
Neas Energy Ltd	£0.00	£0.00	£0.00
Npower Direct Ltd	£/68,430./1	£33,609.64	£802,040.35
Npower Ltd - GB	£8,447,987.47	£165,407.04	£8,613,394.51
Npower Northern Ltd	£3,633,062.24	£185,770.36	£3,818,832.60
Ltd	£0.00	£0.00	£0.00
Npower Yorkshire Ltd	£424,507.73	£20,653.09	£445,160.82
Npower Yorkshire Supply Ltd	£0.00	£0.00	£0.00
Oberon Energy Supply Ltd	£0.00	£0.00	£0.00
Open4Energy Ltd	£0.00	£0.00	£0.00
Opus Energy (Corporate) Ltd	£0.00	£0.00	£0.00
Opus Energy (Corporate)	£0.00	£0.00	£0.00
Opus Energy Ltd	£10,780,655,51	£12,780,54	£10,793,436,05
Pan-Utility Ltd	£0.00	£0.00	£0.00
Power4All Ltd	£0.00	£0.00	£0.00

Licence name	Total FIT generation	Total FIT export	Total FIT
	payments made	payments made	payments
Renewable Energy	£803,571.38	£35,184.20	£838,755.58
Company Ltd (Ecotricity)			
Reuben Power Supply Ltd	£0.00	£0.00	£0.00
Scottish Power Energy	£10,046,615.27	£520,905.74	£10,567,521.01
Retail Ltd			
Seeboard Energy Ltd	£0.00	£0.00	£0.00
Smartest Energy	£12,132,717.33	£749.03	£12,133,466.36
South Wales Electricity Ltd	£0.00	£0.00	£0.00
Spark Energy Supply Ltd	£3,063.04	£459.82	£3,522.86
SSE Energy Supply Ltd	£24,272,504.02	£864,214.55	£25,136,718.57
Statkraft Markets GmbH	£0.00	£0.00	£0.00
Supply Energy Ltd	£0.00	£0.00	£0.00
Symbio Energy LLP	£1,642.98	£251.44	£1,894.42
The Energy Data Company	£0.00	£0.00	£0.00
Ltd			
Total Gas & Power UK	£490,724.96	£1,123.58	£491,848.54
Tradelink Solutions Ltd	£2,821,451.53	£6,479.15	£2,827,930.68
UK Healthcare Corporation	£0.00	£0.00	£0.00
Ltd			
Utilita Electricity Ltd	£4,967.81	£251.69	£5,219.50
Utility Partnership Ltd	£0.00	£0.00	£0.00
Total	£159,498,536.62	£5,353,976.90	£164,852,513.52

#### Figure A2.4: FIT payments claimed for the period 1 January 2014 to 31 March 2014

Licence name	Total FIT generation	Total FIT export	Total FIT
	payments made	payments made	payments
British Gas Trading	£11,720,991.71	£481,713.21	£12,202,704.92
Callisto Energy Supply Ltd	£0.00	£0.00	£0.00
Co-operative Energy Ltd	£369,332.65	£14,648.73	£383,981.38
Coulomb Energy Supply Ltd	£0.00	£0.00	£0.00
Donnington Energy Ltd	£0.00	£0.00	£0.00
Dual Energy Direct Ltd	£0.00	£0.00	£0.00
E.ON Energy Ltd	£19,664,898.19	£958,761.01	£20,623,659.20
E.ON UK plc	£0.00	£0.00	£0.00
E.On Energy Solutions	£0.00	£0.00	£0.00
Economy Power Ltd	£0.00	£0.00	£0.00
EDF Energy Customers plc	£7,226,389.85	£281,882.10	£7,508,271.95
Electricity Plus Supply Ltd	£1,199,517.25	£67,689.84	£1,267,207.09
Energy Coop Ltd	£0.00	£0.00	£0.00
Europa Energy Supply Ltd	£0.00	£0.00	£0.00
F & S Energy Ltd	£18,475.03	£0.00	£18,475.03
Farmoor Energy Ltd	£0.00	£0.00	£0.00
First Utility Ltd	£314,539.54	£22,245.45	£336,784.99
Flow Energy Ltd	£2,175.87	£349.28	£2,525.15
Ganymede Energy Supply Ltd	£0.00	£0.00	£0.00
Garsington Energy LTD	£365,654.08	£9,752.44	£375,406.52
Gaz de France Marketing Ltd	£249,677.89	£404.27	£250,082.16
Good Energy Ltd	£15,694,812.80	£477,548.34	£16,172,361.14

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Licence name	Total FIT generation	Total FIT export	Total FIT
	payments made	payments made	payments
Haven Power Ltd	£0.00	£0.00	£0.00
I Supply Electricity 2	£0.00	£0.00	£0.00
I Supply Electricity Ltd	£0.00	£0.00	£0.00
I Supply Electricity Ltd 3	£0.00	£0.00	£0.00
I Supply Energy	£430,427.81	£17,219.46	£447,647.27
Lumen Energy Supply Ltd	£0.00	£0.00	£0.00
Neas Energy Ltd	£0.00	£0.00	£0.00
Npower Direct Ltd	£637,047.40	£30,479.41	£667,526.81
Npower Direct Ltd - GB	£0.00	£0.00	£0.00
Npower Northern Ltd	£2,773,457.16	£147,394.26	£2,920,851.42
Npower Northern Supply Ltd	£0.00	£0.00	£0.00
Npower Yorkshire Ltd	£322,080.01	£17,585.52	£339,665.53
Npower Yorkshire Supply	£0.00	£0.00	£0.00
Ltd			
Npower Yorkshire Supply Ltd - GB	£0.00	£0.00	£0.00
Open4Energy Ltd	£0.00	£0.00	£0.00
Opus Energy (Corporate) Ltd	£0.00	£0.00	£0.00
Opus Energy (Corporate) Ltd	£0.00	£0.00	£0.00
Opus Energy Ltd	£14,269,441.16	£17,543.13	£14,286,984.29
Pan-Utility Ltd	£0.00	£0.00	£0.00
Power4All Ltd	£0.00	£0.00	£0.00
Renewable Energy	£1,323,915.85	£67,463.98	£1,391,379.83
Company Ltd (Ecotricity)			
Reuben Power Supply Ltd	£0.00	£0.00	£0.00
Scottish Power Energy	£5,509,954.69	£324,551.43	£5,834,506.12
Retail Ltd			
Seeboard Energy Ltd	£0.00	£0.00	£0.00
Smartest Energy	£15,784,123.20	£1,088.00	£15,785,211.20
South Wales Electricity Ltd	£0.00	£0.00	£0.00
Spark Energy Supply Ltd	£8,415.61	£1,288.85	£9,704.46
SSE Energy Supply Ltd	£18,915,212.71	£705,361.66	£19,620,574.37
Statkraft Markets GmbH	£0.00	£0.00	£0.00
Supply Energy Ltd	£0.00	£0.00	£0.00
Symbio Energy LLP	£2,677.25	£408.91	£3,086.16
The Energy Data Company Ltd	£0.00	£0.00	£0.00
Total Gas & Power UK	£1,240,919.50	£1,876.64	£1,242,796.14
Tradelink Solutions Ltd	£3,328,761.90	£19,371.13	£3,348,133.03
UK Healthcare Corporation Ltd	£0.00	£0.00	£0.00
Utilita Electricity Ltd	£1,101.26	£92.77	£1,194.03
Utility Partnership Ltd	£0.00	£0.00	£0.00
Total	£121,374,000.37	£3,666,719,82	£125.040.720.19

### Appendix 3: Feedback questionnaire

We would welcome your feedback on this report, including the length of the document and the content. Please address your feedback to <u>fitcompliance@ofgem.go.uk</u>. 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.

### Appendix 4: Glossary

"Accredited FIT Installation"	means an Eligible Installation which the Authority has entered onto the Central FIT Register in accordance with the FIT Order;
"Central FIT Register"	means the register kept and maintained by the Authority for the purpose of recording details of FIT Generators, Accredited FIT Installations and other such matters relating to the FIT scheme;
"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;
"Deemed Export"	means Export from an Accredited FIT 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 2012;
"Eligibility Date"	means the date as regards a particular Eligible Installation from which eligibility for FIT Payments commences which shall be the later of the date:
	<ul> <li>as applicable, of         <ul> <li>receipt by the Authority of a FIT Generator's</li> <li>written request for ROO-FIT Accreditation in a form acceptable to the Authority; or</li> <li>receipt by a FIT Licensee of a FIT Generator's</li> <li>written request for MCS-certified Registration;</li> <li>on which the Eligible Installation is Commissioned;</li> <li>1<sup>st</sup> April 2010;</li> </ul> </li> </ul>
"Eligible Installation"	means, on a Site, any Installation owned by a FIT 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;
"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 FIT Generator or Nominated Recipient, as applicable, by a FIT Licensee, for FIT Export in any period, calculated by reference to the Export Tariff and Export Meter Reading or Deemed Export Reading;

"FIT Licensee"	means the collective term for Mandatory FIT Licensees and Voluntary FIT Licensees;
"FIT Payments"	means, as applicable, the Generation Payments and/or Export Payments;
"Generation Payment"	means the sum paid to the FIT Generator or Nominated Recipient, as applicable, by a FIT Licensee, for the electricity generated by Accredited FIT Installations in any period, calculated by reference to the Generation Tariff and Generation Meter Readings;
"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 2012;
"Levelisation Process"	means the process by which the total cost of the FIT 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 2012;
"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;
"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"	<ul> <li>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: <ul> <li>the relevant Meter Point Administration Number</li> <li>(MPAN) for electricity supply;</li> <li>Installation Location address including postcode; or</li> <li>OS grid reference;</li> <li>any other factors which the Authority at its discretion views as relevant;</li> </ul> </li> </ul>
"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-FIT Accreditation and MCS-certified Registration