

Renewable Electricity Development Team
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Email: REDevelopment@ofgem.gov.uk
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Dear ROO-FIT generators, FIT licensees and other interested parties

OFGEM E-SERVE'S DRAFT FEED IN TARIFFS GUIDANCE ON: PAUSING THE SCHEME AND DEPLOYMENT CAPS

Background

Today DECC has announced changes to the Feed-in Tariffs (FITs) scheme following its 'Consultation on a review of the FITs scheme' which is available [here](#). DECC's Response to the consultation is available [here](#).

The changes DECC has made are being introduced by the Feed-in Tariffs (Amendment) (No. 3) Order 2015 (referred to as 'the Order') and the Modifications to the Standard Conditions of Electricity Supply Licences 2015 No. 3 (referred to as the 'Licence Modifications').

The Order introduces a pause to the scheme which takes effect on 15 January 2016 until 7 February 2016 (inclusive) and introduces deployment caps from 8 February 2016. We have published draft guidance for stakeholder feedback. Our draft guidance explains the impact of these changes for ROO-FIT generators, FIT licensees and MCS-scale generators.

Please note, the Order and the Licence Modifications also contain other changes to the FITs scheme. Refer to DECC's Response above for further information. We will publish guidance on these additional changes as soon as possible after the Licence Modifications take effect.

What are we seeking stakeholder feedback on?

We are inviting stakeholders to provide feedback on the following four pieces of draft guidance:

- 1) A guidance note on 'Pausing the FITs scheme'. This is for ROO-FIT generators and FIT licensees. We intend to publish a final version of this guidance note as soon as possible after the pause is introduced.
- 2) A guidance note on 'Deployment cap - ROO-FIT generators'. After the period of stakeholder feedback we intend to incorporate this draft guidance note into the existing FIT Guidance for Renewable Installations (Version 9.0), and publish the final guidance as soon as possible after deployment caps are introduced.
- 3) A guidance note on 'Deployment caps - FIT licensees'. After the period of stakeholder feedback we intend to incorporate this draft guidance note into the existing FIT Guidance for Licensed Electricity Suppliers (Version 7.0), and publish the final guidance as soon as possible after deployment caps are introduced.

- 4) A Frequently Asked Questions (FAQ) document - MCS-scale generators. We intend to publish a final version of this document as soon as possible after deployment caps are introduced.

Please note that all of the guidance has been drafted as if the Order and the Licence Modifications have already come into force. If any changes are made to the legislation before it comes into force, we will amend the guidance documents accordingly.

Feedback from stakeholders on these guidance documents must be received by 14 January 2016.

How to provide feedback

In providing feedback please think about the following questions:

- Question 1: Are there any aspects of the guidance that could be made clearer or improved? If so, please provide specific comments including section references.
- Question 2: Are there any omissions in the guidance? If so, please provide comments.

Responses should be sent to:

REDevelopment@ofgem.gov.uk , or

RE Development Team
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9 Millbank,
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Please be aware that we cannot take into account feedback on the policy behind these changes. We administer the scheme while DECC sets the policy and legislation. Queries relating to the policy should be directed to DECC at: 0300 068 5404 or FITReview@decc.gsi.gov.uk.

You can ask for your response to be kept confidential, and we will respect this, (subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004). If you want your response to be kept confidential, please clearly mark the document/s to that effect and include your reasons for requesting confidentiality.

Next steps

Once the period for feedback closes we will incorporate the responses received as necessary and publish final versions as set out above. We will also publish a document responding to the feedback received, and explaining any changes that we make.

Until the Order and the Licence Modifications take effect, and the final versions of the guidance documents are published, stakeholders should continue to refer to the current legislation and guidance.

Yours sincerely,

Renewable Electricity Development Team

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Deployment caps - FIT licensees

Summary

Here you can find out about the introduction of deployment caps and what these changes mean for FIT licensees and our administration of the scheme.

What are deployment caps?

1.1. On 8 February 2016 deployment caps were introduced into the FIT scheme with separate caps for each technology and degression band (with the exception of micro-CHP which is already subject to a cap).

1.2. A deployment cap is a set amount of capacity that can apply to receive FIT support in a deployment period. Applications will be received continuously and will be allocated to a tariff period in the following way:

- For ROOFIT installations – these are ordered by the date and time that the application was received.
- For MCS installations – these are ordered by the date and time of the installation's MCS certificate.

1.3. Once a cap has been reached, no further installations are eligible to receive the tariff rate applicable in that tariff period.

1.4. Caps work alongside a default degression set by DECC. If a cap is reached there will be a contingent degression of 10% in the next cap period on top of the existing default degression.

What happens when a cap is reached?

1.5. The installation that exceeds the deployment allowed in one tariff period does not qualify for that tariff period. This installation and all installations with MCS certificate issue dates that fall after the cap has been reached will be placed on hold and cannot be added onto the Central FIT Register (CFR). Those installations will then be queued for entry into the next tariff period. Assuming there is sufficient capacity available within the next tariff period, the installation will be eligible to receive the tariff applicable to that tariff period.

1.6. We will notify FIT Licensees once a cap has been exceeded and no further installations will be eligible for the tariff rate that applies to that tariff period. Tariffs for the next period will be published within two weeks of the start of that period, and we will send the new tariff codes to all licensees.

How deployment caps work

1.7. Figure 1 illustrates how the deployment caps mechanism works in practice. Please note the dates at which caps are reached are examples to help you understand the impact of caps on tariff and eligibility dates. Figure 1 is followed by a number of example installations to help further.

Example

A cap opens on 1 April 2016 at 00:00:00 will run until the end of that quarter. An installation exceeds the cap for that tariff period on 1 June 2016 at 12:20:35. Therefore the tariff rate for that tariff period is applicable to installations with an application date and time (or an MCS issue date and time) from 1 April 2016 at 00:00:00 to 1 June 2016 at 12:20:34. All of these 'on hold' applications are queued for entry into the next tariff period. The tariff rate for these 'on hold' installations will be the tariff rate associated with the tariff period that they fall into. MCS installations with MCS issue dates on or after 1 June 2016 at 12:20:34 will not be able to be added onto the CFR until the start of the next quarter. We will notify licensees when a cap is reached and when the next cap has opened.

Eligibility date and tariff rate

MCS installations

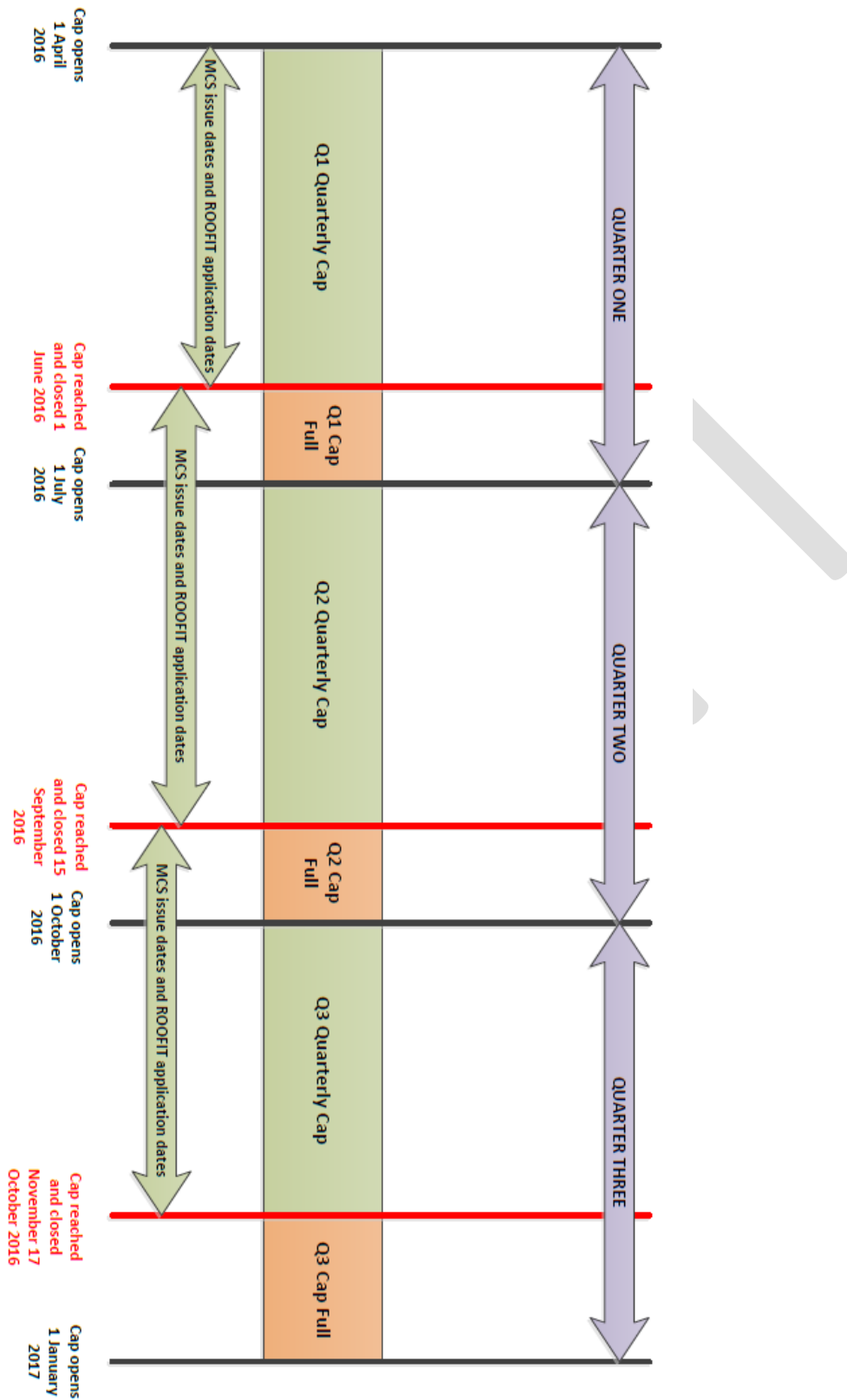
1.8. For MCS installations, whether or not an installation qualifies under a cap and is eligible for a particular tariff rate will be determined by the MCS certificate issue date.

1.9. The "eligibility date" of an installation is the date from which it is eligible to receive FIT payments. Installations must be commissioned to be eligible. For installations with MCS certificate issue dates on or after 15 January 2016 the 'eligibility date' will be the later of:

- the application date to the FIT licensee.
- the start of the cap period that the installation falls into.

1.10. There are no changes to the "eligibility period" (i.e. the period that the installation is eligible to receive payments for) which will commence as of the "eligibility date".

Figure 1: Draft deployment caps mechanism



Transitional MCS installations

1.11. Installations which have MCS issue dates **and** commissioning dates before 15 January 2016 but which apply to their FIT licensee on or after this date will not count towards deployment caps. These installations must apply to their licensee before 1 April 2016 or they will not be able to receive FIT payments.

1.12. The "eligibility date" and "tariff date" of these transitional MCS installations will be 8 February 2016.

Preliminary accreditation

1.13. Where an installation is granted preliminary accreditation the tariff rate for that installation will be based on the date the application is submitted to Ofgem and the corresponding cap the installation falls into.

1.14. Where an installation is granted preliminary accreditation and goes on to commission and apply for full accreditation within the validity period, the installation will be eligible to receive FIT payments (i.e. the "eligibility date") from the later of the date we received the application converting the preliminary accreditation to full accreditation or the first day of the tariff period in which the application for conversion to full accreditation falls into.

1.15. Where an application is submitted for FIT preliminary accreditation on or after 8 February 2016 and the cap has been reached, we will put the application on hold. The validity period (i.e. the period within which the installation must have commissioned and an application submitted to Ofgem converting the preliminary accreditation to full accreditation) will begin on the later of the application date and the start date of the relevant tariff period.

Full ROO-FIT accreditation

1.16. To apply for full accreditation the installation must have commissioned on or before the date the application is submitted to Ofgem.

1.17. Where an installation is granted full accreditation (i.e. an application for preliminary has not been submitted), the tariff rate for that installation will be based on the date of application to Ofgem and the corresponding cap the installation falls into.

1.18. The "eligibility date" (i.e. the date from which FIT support become payable) will be the later of:

- the date that the application is submitted¹ via the Register, and
- the start date of the deployment period that the installation falls into.

1.19. The "eligibility period" (i.e. the period that the installation is eligible to receive payments for) will commence as of the "eligibility date".

¹ An application is considered submitted once the application has been completed and submitted to Ofgem. The applicant must then go on and agree the declarations associated with the application.