



## Feed In Tariff (FIT)

DECC announced changes to the FIT's scheme on May 24th 2012. This document gives an executive summary of the main points.

- Start date for new tariffs August 1<sup>st</sup> (delayed from 1<sup>st</sup> July)
- 0-4kWp generation tariff 16p (down from 21p)
- Other tariffs : 4-10kWp 14.5p, 10-50kWp 13.5p, 50-150kWp 11.5p, 150-250kWp 11p, 250-5MW and stand alone 7.1p\*
- Export tariff 4.5p (up from 3.2p)
- Indexation remains RPI
- Lifetime of FITs 20 years (down from 25 years)
- Multiple generation tariff set at 90% of single installation tariff (up from 80%)
- Set future tariff alterations depending on uptake over the preceding three months
- No tariff cuts if prior quarter is less than deployment threshold : 0-10kwp <100MW; 10-50kwp <50MW; >50kwp < 50MW
- First deployment trigger above these levels will be 3.5% (approx 0.5p); greater cuts if deployment is higher
- Tariff cuts (if any) will take place each quarter (Nov, Feb, May, Aug). Announced at least 2 months in advance
- If deployment falls below the minimum trigger an automatic 3.5% reduction will be applied every 9 months

A comparison of old and new tariffs are set out in the table below:

Band (kW Declared Net Capacity (DNC))	Current generation tariff (p/kWh)	New generation tariff from 1 August 2012 (p/kWh)
≤4kW (new build)	21.0	16.0
≤4kW (retrofit)	21.0	16.0
>4-10kW	16.8	14.5
>10-50kW	15.2	13.5
>50-100kW	12.9	11.5
>100-150kW	12.9	11.5
>150-250kW	12.9	11.0
>250kW-5MW	8.5	7.1*
stand alone	8.5	7.1*

\* 2ROC's available at least until March 2013 which at 8.5p offer improved returns to the investor.

**Future FIT changes** – these will take place based on deployment rates. These deployment rates are broken in to three separate degression bands : domestic 0-10kW, small commercial 10-50kW, large commercial 50kW to 5MW. The degression mechanism will operate **independently** for each degression band.

The table below shows the degression % for each tariff point for a maximum deployment in a **3-month** period (MW):

Tariff Point	0-10kW	10 – 50kW	>50kW and stand-alone	Degression (%)
point 1	100	50	50	0%
point 2	200	100	100	3.5%
point 3	250	150	150	7%
point 4	300	200	200	14%
point 5	>300	>200	>200	28%

Put in words, the table shows the following:

- 1) No degression will take place if installs are within 100MW, 50MW, 50MW for the 0-10kW, 10-50kW, >50kW bands over a 3-month period. **Note** – degression can only be skipped for two successive degression periods, so there will be a minimum 3.5% every 9 months.
- 2) A 3.5% degression will take place if installs are within 200MW, 100MW, 100MW for the 0-10kW, 10-50kW, >50kW bands over a 3-month period.
- 3) A 7% degression will take place if installs are within 250MW, 150MW, 150MW for the 0-10kW, 10-50kW, >50kW bands over a 3-month period.
- 4) A 14% degression will take place if installs are within 300MW, 200MW, 200MW for the 0-10kW, 10-50kW, >50kW bands over a 3-month period.
- 5) A 28% degression will take place if installs are **greater** than 300MW, 200MW, 200MW for the 0-10kW, 10-50kW, >50kW bands over a 3-month period.

### Example of degression mechanism

The following examples illustrate how the degression mechanism might operate for a **hypothetical** set of deployment figures:

- If in November 2012, DECC published deployment statistics showing that between 1 August and 31 October 2012, there was 195MW of 0-10kW PV capacity, the new tariffs from the 1<sup>st</sup> February for that band would be 3.5% lower. If the tariff from November 2012 had been 16p, the tariff from 1<sup>st</sup> February would become 15.44p.
- Similarly, if in November 2012, there was 45MW of 10-50kW PV capacity, the new tariffs from 1<sup>st</sup> February would not change i.e. if it was 13.5p, it would remain 13.5p.

Degression Band	Tariff Band	Generation tariff from November 2011 (p/kWh)	Hypothetical deployment between August and October 2011	Degression (%)	Generation Tariff from February (p/kWh)
<b>0-10kW</b>	<=4kW	16.0p	195MW	3.5%	15.44p
	>4-10kW	14.5p		3.5%	13.99p
<b>10-50kW</b>	>10-50kW	13.5p	45MW	0%	13.5p
<b>&gt;50kW and stand alone</b>	>50-100kW	11.5p	138MW	7.0%	10.70p
	>100-150kW	11.5p			10.70p
	>150-250kW	11.0p			10.23p
	>250kW-5MW stand-alone	7.1p*			6.60p*
		7.1p*			6.60p*