



# Feed-in Tariffs for small scale low carbon electricity

The Department of Energy and Climate Change have issued a consultation paper on the review of Feed-in Tariffs for small scale low carbon electricity. This briefing paper outlines the main points in the consultation paper. It is provided to local authority chief executives, council leaders and all APSE environment services contacts.

## Key issues

DECC consultation on:

Reducing FITs for large scale solar PV schemes

Increasing FITs for farm scale anaerobic digestion schemes

Announces a comprehensive review of FITs this year

Consultation deadline is Friday 6 May 2011 – email responses through to

[djohns@apse.org.uk](mailto:djohns@apse.org.uk)

## 1. Introduction

The Government has signed up to international, EU and national targets in relation to climate change which have translated into a detailed policy agenda including the Low Carbon Transition Plan and the Renewable Energy Strategy. In order to comply with these legal targets, the Government introduced various financial incentives to encourage more deployment of renewable energy technology. One of these is the Feed in Tariff (FIT) which covers electricity generation on a smaller scale and was introduced in 2010.

Simply, FITs involve a sum of money being paid to each person who generates electricity from qualifying renewable sources, including solar PV. The FIT is split into two parts: the generation tariff, which is paid for the actual creation of the power and the export tariff, which is paid if the electricity is put into the National Grid. The amount of each generation payment is dependent on the type of technology and size of the system and the export tariff has been set at a standard rate of 3 pence per kwh.

The publication [Feed-in tariffs: Government's response to the summer 2009 consultation](#) detailed the level of tariffs available for new installations. However, the Government is concerned about the rapid and unforeseen expansion of larger solar PV in that it could

threaten the ability to keep within the budget set for the Spending Review period to 2014/15 and reduce the amount of money available to smaller solar PV installations. Therefore, they have issued a consultation on a review of FITs for small scale low carbon electricity, which is available by clicking [here](#).

APSE will be responding to the consultation, please email any comments to [djohns@apse.org.uk](mailto:djohns@apse.org.uk) by Thursday 5 May 2011.

## 2. About the consultation

As stated above, one of the main reasons for the consultation is concern that large scale solar PV installation could divert funding away from community and domestic installations that better meet the objectives of the FITs scheme. There is evidence of many large scale installations in the pipeline as well as future projections from industry, which paints a picture that solar PV uptake could rapidly exceed expectations.

The focus of the consultation, therefore, is on reducing the tariffs for all PV installations **above 50 kW and stand alone installations**. The concerns by Ministers relate to large field-based PV developments distorting available funding for roof-based PV, other PV and other types of renewables. The consultation goes on to explain that the average domestic installation is only 2.5kW and many community buildings such as village halls, churches and schools already have PV installations of less than 50kW.

The original tariffs for PV set out in DECC's original publication, *Feed-in tariffs: Government's response to the summer 2009 consultation*, were as follows:

Technology	Scale	Tariff level for new installations in period (p/kWh) [NB tariffs will be inflated annually]			Tariff lifetime (years)
		Year 1: 1/4/10 – 31/3/11	Year 2: 1/4/11 – 31/3/12	Year 3: 1/4/12 – 31/3/13	
PV	≤4 kW (new build)	36.1	36.1	33.0	25
PV	≤4 kW (retrofit)	41.3	41.3	37.8	25
PV	>4-10 kW	36.1	36.1	33.0	25
PV	>10-100 kW	31.4	31.4	28.7	25
PV	>100kW-5MW	29.3	29.3	26.8	25
PV	Stand alone system	29.3	29.3	26.8	25

DECC are proposing to create three new tariff bands and associated tariffs:

- 19p/kWh for >50kW to ≤150kW
- 15p/kWh for >150kW to ≤250kW
- 8.5p/kWh for >250kW to ≤5MW and stand-alone installations.

It is proposed that the revised tariffs for solar PV will take effect from 1 August 2011 and will only apply to new entrants into the FITs scheme.

Alongside the fast-track consideration of support for large-scale solar PV, a short study has been undertaken into the lack of uptake of FITs for farm-scale anaerobic digestion (AD) to date. The study suggests that the tariff for farm-scale AD is not high enough and there are a number of non-financial barriers; for instance, AD requires maintenance, a long term supply of feedstock and a procedure for dealing with the digestate. The consultation is therefore proposing introducing new, higher tariffs for farm-scale AD, taking effect from 1 August 2011.

The original tariffs for AD set out in DECC's original publication, *Feed-in tariffs: Government's response to the summer 2009 consultation*, were as follows:

Technology	Scale	Tariff level for new installations in period (p/kWh) [NB tariffs will be inflated annually]			Tariff lifetime (years)
		Year 1: 1/4/10 – 31/3/11	Year 2: 1/4/11 – 31/3/12	Year 3: 1/4/12 – 31/3/13	
AD	≤500kW	11.5	11.5	11.5	20
AD	>500kW	9.0	9.0	9.0	20

DECC are proposing to create two new tariff bands and associated tariffs:

- 13p/kWh for >250 - ≤500kW
- 14p/kWh for ≤250kW

The consultation document also announces a comprehensive review of FITs this year which will consider all aspects of the scheme including:

- Tariff levels
- Degression rates and methods
- Eligible technologies
- Arrangements for exports
- Administrative and regulatory arrangements
- Interaction with other policies
- Accreditation and certification issues

The intention is to consult on more detailed proposals over the summer with a view to confirming the outcome of the review by the end of this year.

### 3. APSE comment

It is clear from the consultation that the unintended consequences of the Government incentivising emissions reductions through FIT's has culminated in this proposal to reduce the tariffs so that it doesn't exceed the spending envelope. Whilst this is understandable, APSE believes that there is a danger that the new proposals could strangle the financial viability of larger schemes that are already being planned for, with the laudable intentions of maximising economies of scale and embracing the green agenda. The consultation clearly shifts the parameters that were set in 2009. In addition, local authorities who already have challenging targets to meet in relation to emissions and renewable energy, will now not reap the benefits of large scale solar PV schemes that they anticipated.

However it is important to stress that many of the schemes being proposed by councils throughout the UK will be unaffected by these changes as they only relate to schemes above 50kW and stand alone installations. APSE has recently produced a publication which provides practical help and advice on developing a local authority led solar PV schemes. It also evidences some of the benefits of councils adopting a DIY approach to solar PV schemes, including economic benefits, energy security, job creation, carbon benefits and income generation. For more information on this publication, please contact [APSE](#).

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