

Feed in Tariffs

What are feed-in-tariffs?

The Feed-in-Tariff (FIT) or the "Clean Energy Cashback Scheme" is a Government scheme which aims to encourage small scale electricity generation using renewable sources by guaranteeing returns for a fixed period of time. The main benefits of the FIT are:

- it provides a guaranteed return on your investment of about 5-8%
- the income is tax free on domestic systems
- the income is index-linked which means that it isn't affected by inflation.

How do they work?

FITs will be paid by licensed electricity suppliers from 1 April and consist of two elements:

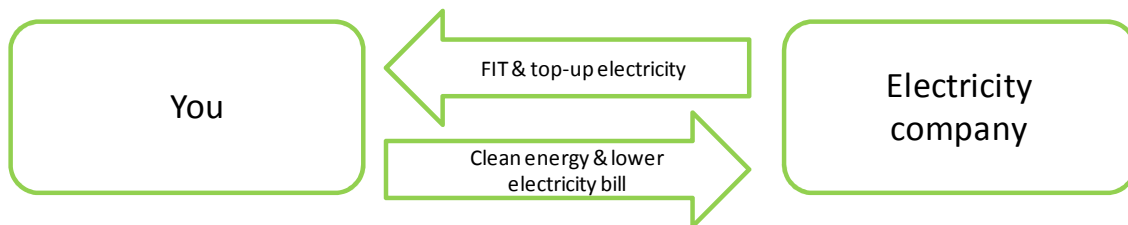
(A) an amount per unit (kWh) for all of the electricity you generate. This is paid to you regardless of whether you use the electricity onsite, or whether you sell it back to the grid, and

(B) an additional amount for any electricity you don't use and sell back to the grid.

You will receive the money through your electricity company, which will net off any amount you owe to them for buying grid electricity at night or other times when your panels do not generate enough electricity. If your system is under 3.6kW in size, the electricity company will assume your system's output so you won't have to.

The tariffs will be funded through increased grid electricity prices so, if you install one of the technologies, you will be shielded from these price increases.

If you install one of these systems at home, the income you earn will be tax-free.



How do I know if my system will be eligible?

All systems which are up to 5 megawatts (i.e. 5,000 kilowatts) in size are eligible. Most domestic systems will be no more than 2-4 kilowatts in size.

You will need to go to an installer who is accredited under the government run accreditation scheme known as the Microgeneration Certification Scheme (MCS).

As part of the scheme, your installer will lodge information with the MCS and this will form part of your registration for the FIT. Your installer should also help with the arrangements with your electricity supplier.

Tariff levels

The FIT levels for each type of system are in the table below. They will be amended to take account of inflation which means that your returns will not be affected if inflation goes up during the period of economic recovery.

The FIT has been set for the next three years to 2013, but it is not certain that they will continue at the current rate (or at all) after this time. That is why now is the best possible time to install solar PV

If you install a 2kWp PV system in an existing home in Year 1, you will receive 41.3p per kWh per unit you generate. You will receive an additional 3p per kWh you don't use and sell back to the grid. These amounts are guaranteed for 25 years. Assuming that your system is well sited, that you use everything you generate and that don't sell anything back to the grid, you will receive approximately £660 (tax free) per year in generation tariff.

The table below sets out the amount available under the FIT by technology and size.

Technology	Scale	Tariff Level for New Installations (p/kWh)			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 (new build)	≤4kW	36.1	36.1	33.1	25
PV (retrofit)	≤4kW	41.3	41.3	37.8	25
PV	>4-10 kW	36.1	36.1	36.1	25
PV	>10-100 kW	31.4	31.4	28.7	25
PV	>100kW-5MW	29.3	29.3	26.8	25
PV (standalone)		29.3	29.3	26.8	25
Wind	1.5kW	34.5	34.5	32.6	20
Wind	>1.5-15 kW	26.7	26.7	25.5	20
Wind	>100-500 kW	18.8	18.8	18.8	20
Wind	>500kW-1.5MW	9.4	9.4	9.4	20
Wind	1.5MW-5MW	4.5	4.5	4.5	20

The guaranteed amount you receive for selling electricity to the grid is set at 3p per kWh.

What to do next

If you are interested in finding out how you can make the most of the Feed-In-Tariff or if you have any more questions, contact us. We will advise you on the system that's right for you and for your budget.

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