

Department of Energy & Climate Change announces its Feed-in Tariff structure 1 February 2010-02-02

The Department of Energy and Climate Change (DECC) has published the finalised version of the Feed-in Tariff scheme for Renewable Electricity Generation, showing strengthened tariffs for hydro technologies.

It revealed that under the Feed-in Tariff (FiT) scheme, some micro-generators will receive higher rates than first proposed and the tariff 'bands' have been restructured, to some extent, in line with recommendations from the British Hydro Association (BHA).

An initial analysis of DECC-published press release (see link below) suggests that four 'bands' will be maintained according to the following table:

Lower limit kW	Upper limit kW	Generation tariff p/kWh	Fixed Export tariff p	Total tariff p/kWh
0	15	19.9	3	22.9
15	100	17.8	3	20.8
100	2000	11	3	14
2000	5000	4.5	3	7.5

The announcement explains that the dual 'export' and 'generation' tariff structure proposed in the original consultation has been maintained with the 'export' element fixed at 3p/kWh. Furthermore the option to 'opt-out' and 'opt-in' to the export tariff on an annual basis is now allowed. This provides the "best of both worlds" in terms of a floor (3p/kWh) and the freedom to sell on the open market if energy prices are higher in the future .

The tariffs, both generation and export, are indexed against RPI. This means that developers can confidently "opt-in" to the Feed-In-Tariff scheme and so secure finance without worrying about the effects of future inflation.

"This is positive news. DECC have listened to the evidence we presented them during the consultation phase and modified the structure accordingly. The new Feed-In-Tariff structure is positive news for all hydro developers as the tariffs are higher than originally proposed in the initial consultation document"

Carl Crompton of Gilkes Energy who developed the case for a FiT structure for hydropower based on actual project evidence and assisted BHA in arguing the cause with DECC.

Some uncertainties in the detail remain especially in two areas:

- FiTs generally will not be awarded where refurbished equipment is used. BHA and its members had convinced MCS, DECC's accreditation service, that refurbished equipment was commonly used in new generation schemes. ROCs are awarded to refurbished

equipment and schemes and there seemed no good reason why this should not apply for FiTs. BHA will continue to argue this point.

- A number of projects which were presented for pre-qualification for ROCs prior to the 2008 deadline for FiTs schemes may not qualify for FiTs. This effectively “quarantines” these projects which proved unviable under ROCs but are viable under FiTs. BHA will attempt to resolve this issue.

Accreditation will be necessary for projects awarded with FiTs under MCS. A meeting on the progress of this system is to be held later this week. We will provide information after the meeting.

For further information see the DECC press release:

http://www.decc.gov.uk/en/content/cms/news/pn10_010/pn10_010.aspx

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