

Guidance on Feed-In Tariff scheme Pause and Deployment Caps

On 17 December 2015 DECC announced its decision to make changes to the Feed-In Tariff (FIT) scheme following on from its '*Consultation on a review of the FITs scheme*'. DECC's main policy changes include the introduction of a pause to the scheme which takes effect on 15 January 2016 until 7 February 2016 (inclusive) and deployment caps from 8 February 2016¹. DECC's full response can be found here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt_response_Final.pdf

Ofgem has issued draft guidance to explain the impact of these changes for FIT Licensees and MCS-scale generators (consumers) and is requesting feedback from stakeholders on these by close of play on 14 January 2016. <https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme>

Installations with a commissioning date and an MCS certificate date earlier than 15 January 2016 will be eligible for the current FIT rate of 12.03 p/kWh so long as their application is received by their FIT Licensee by 14 January 2016 at the latest.

Registering for the Feed-In Tariff

All installations must be commissioned to be eligible for the FIT. The way in which consumers apply to FIT Licensees to register for FIT payments has not changed. Ofgem has set out full details here: <https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/applying-feed-tariff/registered-fit-licensed-suppliers>

Pause to the Feed-In Tariff scheme

From 15 January 2016 the FIT scheme will be paused until 7 February 2016 (inclusive). This means that Ofgem will not approve any applications for registration received during this period until after the pause period ends. On 8 February 2016 deployment caps will be introduced to the scheme. FIT Licensees will not be able to add installations to the Central FIT Register (CFR) until the pause has ended on 8 February 2016.

During the pause consumers can continue to apply to their FIT Licensee to be registered for the FIT. However, consumers with an application date during the pause cannot be registered until after the pause. These generators' installations will be queued for entry into the first deployment cap and will therefore be affected by the new deployment cap rules and the new definitions of tariff date and eligibility date, as well as the new tariff rates. The queuing system will be based on the date and time on which the MCS certificate was issued.

¹ 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'). Until this legislation has been agreed by Parliament it is possible that there may be changes to what is set out here.

FIT Licensees will still be able to add MCS installations onto the CFR if they have an application date before the start of the pause. Any extensions which commission on or after the start of the pause will no longer be eligible and it will not be possible to add these onto the CFR.

Consumers with installations with MCS issue dates before 15 January 2016, but who do not apply to their FIT Licensee until on or after 15 January 2016, will be eligible for the new, lower tariff rate of 4.39p/kWh. Consumers in this situation must ensure that their application to their FIT Licensee is received before 1 April 2016 or they will not be able to receive FIT payments. These installations will not count towards the deployment caps.

Deployment caps

On 8 February 2016 a system of deployment caps will be 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 deployment cap). A deployment cap is a set amount of installed capacity that can receive FIT support in a given tariff period. Deployment caps, also known as 'contingent' degression, will work alongside the pre-determined 'default' degression rates set by DECC. If a deployment cap is reached in a given period, there will be a contingent degression of 10% in the next tariff period, in addition to the 'default' degression of the tariff. (Details of the deployment caps, tariff periods and 'default' degression rates are set out in the accompanying tables below.)

Whether or not an installation qualifies under a cap, and so is eligible for a particular tariff rate, will be determined by the MCS certificate issue date and time: installations will be ordered by the date and time on which the relevant MCS certificate was issued. Ofgem will notify FIT Licensees once a deployment cap has been exceeded. From that point on 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.

Consumers should continue to submit their applications for accreditation to FIT Licensees as usual. If an installation exceeds the deployment cap in a given tariff period it will not qualify for that tariff. Instead, this installation, together with all other installations whose MCS certificate issue dates and times fall after the deployment cap has been reached, will be placed on hold. During this time FIT Licensees will not be able to add them to the Central FIT Register (CFR). Those installations will be placed in a queue for entry into the next tariff period. Assuming that there is sufficient capacity available within the next tariff period, those installations will be eligible to receive the tariff applicable to the next tariff period.

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

- the date the FIT Licensee receives the application.
- the start of the tariff period that the installation falls into.

The 'eligibility date' of installations which miss the 14 January 2016 deadline, but which fall within the pause period, will be 8 February 2016, assuming that there is sufficient capacity available within that tariff period. There are no changes to the 'eligibility period' (i.e. the 20-year period during which the installation will be

eligible to receive payments). This will commence on the 'eligibility date'. There are no changes to the arrangements for the export tariff.

Table 1: DECC chart setting out maximum deployment caps (deployment per quarter)²

		2016				2017				2018				2019
Maximum Deployment (MW)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PV	<10kW	48.4	49.6	50.6	51.7	52.8	53.8	54.2	55.9	57.0	58.0	59.1	60.1	61.1
	10-50kW	16.5	17.0	17.4	17.8	18.2	18.6	18.7	19.4	19.8	20.3	20.7	21.1	21.5
	>50kW	14.1	14.5	14.9	15.4	15.8	16.2	16.4	17.1	17.6	18.0	18.5	19.0	19.4
	Standalone	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Wind	<50kW	5.6	5.6	5.5	5.5	5.6	5.5	5.5	5.4	5.5	5.4	5.4	5.3	5.4
	50-100kW	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
	100-1500kW	6.8	6.7	6.6	6.5	6.4	6.3	6.2	6.1	6.1	5.9	5.8	5.7	5.7
	1500kW-5000kw	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Hydro	0-100kW	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
	100-5000kW	6.1	6.2	6.3	6.3	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.3	6.3
AD	All	5.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt_response_Final.pdf see page 14

Table 2: DECC chart setting out estimated number of installations at maximum deployment (deployment per quarter)³

		2016				2017				2018				2019
Estimated number of installations ⁶		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PV	<10kW	15330	15710	16050	16380	16720	17060	17170	17720	18060	18390	18710	19040	19360
	10-50kW	500	510	520	530	550	560	560	580	600	610	620	630	650
	>50kW	70	70	70	70	80	80	80	80	80	90	90	90	90
	Stand-alone	2	2	2	2	2	2	2	2	2	2	2	2	2
Wind	<50kW	540	540	540	530	540	530	530	520	530	520	520	510	520
	50-100kW	4	4	4	3	4	3	3	3	3	3	3	3	3
	100-1500kW	20	20	20	20	20	20	20	20	20	20	10	10	10
	1500kW-5000kW	2	2	2	2	2	2	2	2	2	2	2	2	2
Hydro	0-100kW	50	50	60	60	60	60	60	70	70	70	70	70	70
	100-5000kW	10	10	10	10	10	10	10	10	10	10	10	10	10
AD	All	10	10	10	10	10	10	10	20	20	20	20	20	20

Table 2 provides an estimate of the number of installations that could come forward under each cap. These numbers are based on the average installation size within each band and are therefore only indicative. If larger than average installations come forward, then the number of installations that are included within the deployment cap will be lower.³

Table 3: Scenarios for transitional installations⁴

	Installation description	Counted towards caps	Subject to new tariffs
<50kW solar PV and wind	Installation commissioned and MCS certificate issued on or after 15 January 2016; application for FITs received by FITs licensee on or after 15 January 2016	Yes	Yes
	Installation commissioned and MCS certificate issued before 15 January 2016; application for FITs received by FITs licensee on or after 15 January 2016	No	Yes ¹⁵
	Installation commissioned and MCS certificate issued before 15 January 2016; application for FITs received by FITs licensee before 15 January 2016	No	No

³https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt_response_Final.pdf see page 15

Frequently Asked Questions on the Pause and Deployment Caps

What is the pause?

The FIT scheme will be paused from 15 January 2016 to 7 February 2016 (inclusive); with the remaining changes to the scheme due to come into force on 8 February 2016. FIT expenditure will be limited to £100 million from 15 January 2016. From this date, Ofgem will count any new installations and applications for FITs towards the new deployment caps.

Will consumers be able to apply to receive FIT payments during the pause?

Consumers will still be able to apply to their FIT Licensee during the pause. However, FIT Licensees will not be able to register installations on Ofgem's Central FIT Register. They will be added after 8 February 2016. All applications made to FIT Licensees during the pause will be affected by the new deployment cap system and lower tariff rates.

What are deployment caps?

Deployment caps limit the level of capacity that can be deployed at a particular tariff level. Each cap is set for a three month period except for the first cap which will start on 8 February 2016 and end on 31 March 2016.

When will caps come into force?

Deployment caps will be introduced on 8 February 2016. From 15 January 2016 every new FIT installation added onto the MCS database will count towards the deployment caps. However, FIT Licensees will not be able to register any installations on the Central FIT Register during the pause.

How will deployment caps work?

If a cap is exceeded before the end of a tariff period, no further installations will be eligible to receive the tariff rate available during that period.

Ofgem will monitor the level of deployment based on the MCS Certificate issue date and time for a given installation. If and when a cap for a given tariff band is hit, the exact date and time (to the second) will be recorded. Installations with MCS certificates timed and dated before this point will be eligible for the current tariffs. Installations with MCS certificates timed and dated after this point, will not be eligible for the current tariffs.

What happens if an installation falls outside the deployment cap?

If an MCS Certificate issue date and time falls after a cap has been exceeded it will not be processed until the next relevant tariff period opens. Entry into a deployment period will thus be based solely on the MCS Certificate issue date and time.

⁴https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt_respon se_Final.pdf see page 63

Applications which fall outside the cap in a given quarter will be placed in a queue. Their place in the queue will depend on the time and date of their MCS certificate. They will be considered again when the next tariff cap opens. A place in the queue does not guarantee eligibility for a particular tariff or support under FITs.

What happens if an application isn't received by the FIT Licensee by 14 January?

Consumers with installations with MCS issue dates before 15 January 2016, but who do not apply to their FIT Licensee until on or after 15 January 2016, will be eligible for the lower tariff rate of 4.39p/kWh. Consumers in this situation must ensure that their application to their FIT Licensee is received before 1 April 2016 or they will not be able to receive FIT payments. These installations will not count towards the deployment caps.

When will FIT payments start to be received?

FIT payments will start from the eligibility date. The eligibility date will be the later of the date an application is made to a FIT Licensee, or the start of the deployment period that the installation falls into.

How have deployment caps been set?

The tariffs available in a given deployment period have been pre-determined by DECC. They may be subject to an automatic contingent degeneration of 10% if a cap is reached in a given deployment period.

How will we know if a deployment cap has been reached?

Ofgem will publish deployment levels on its website on a regular basis in relation to each deployment cap.

More information

DECC FiT review consultation response:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt_response_Final.pdf

MCS summary of DECC's consultation response:

http://www.microgenerationcertification.org/images/MCS_FIT_summary_response_Dec2015.pdf

Ofgem guidance for consumers and FiT Licensees:

<https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme>

Ofgem FiT registration guidance:

<https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/applying-feed-tariff/registered-fit-licensed-suppliers>