

January 2016 changes to the Feed in Tariff - FAQs for Consumers

How much will I get paid for my solar PV generation?

The answer will depend on which of these three different scenarios is relevant to you:

- 1) If you have an installation with a commissioning date and an MCS certificate date earlier than 15 January 2016 you will be eligible for the current FIT rate for generation of 12.03p/kWh so long as your application for FIT registration has been received by their electricity supplier (also known as your FIT Licensee) by close of play on 14 January 2016. You will also receive the export tariff which is 4.85p/kWh and which will be paid on 50% of the amount you generate.
- 2) If you have an installation with a commissioning date and an MCS certificate date earlier than 15 January 2016, but if your application for FIT registration has not been received by your electricity supplier (FIT Licensee) by close of play on 14 January 2016, you will receive the new, lower FIT rate for generation of 4.39p/kWh. Your installation will not count towards the 'deployment caps' (see below for a description of these). But you must make sure your application for FIT registration is received by your electricity supplier (FIT Licensee) by close of play on 31 March 2016. You will also receive the export tariff which is 4.85p/kWh and which will be paid on 50% of the amount you generate.
- 3) If you have an installation with a commissioning date and an MCS certificate date on or after 15 January 2016, you will be eligible for a new, lower FIT rate for generation. Your installation will count towards the deployment caps. You should submit your application for FIT registration to your electricity supplier (FIT Licensee) as soon as you can. You will have to wait for them to confirm your FIT rate. There is a complicated set of installed capacity quotas which will determine your FIT rate. You should not base any decisions or assumptions on a specific FIT rate as this will not be guaranteed until you receive official confirmation from your electricity supplier. The export tariff which is 4.85p/kWh will not be affected by these capacity quotas.

Table 1: DECC table outlining scenarios for transitional installations¹

	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
	Installation commissioned and MCS certificate issued before 15 January 2016; application for FITs received by FITs licensee before 15 January 2016	No	No

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt_response_Final.pdf see page 15

When will my payments start?

Your FIT payments will start to be calculated from your 'eligibility date'. This is the date on which your installation is registered on the Central FIT Register. So, after 15 January 2016, your eligibility date will no longer be the date on which your electricity supplier receives your application for FIT registration but by your place in the queue. Your place in the queue will be determined by the date and time of issue of your MCS Certificate. Your electricity supplier will register your installation on the Central FIT Register as soon as you reach the front of the queue. They will then inform you of your eligibility date and of the FIT rate you will be paid.

How long will I continue to receive FIT payments for?

You will receive your FIT payments for 20 years, starting from the eligibility date that will be confirmed to you by your electricity supplier (FIT Licensee).

Will my payments be adjusted for inflation?

Once you start to receive payments from your electricity supplier your FIT rate will be adjusted they will be adjusted in line with the Retail Prices Index (RPI) for the 20-year lifetime of your FIT payments.

Do I have to pay tax on my FIT payments?

If you are a domestic consumer and the electricity you generate is either used in your own home or exported to the grid you do not have to pay tax on the FIT payments you receive.

How do I submit my application for FIT payments?

You should request an application pack from your electricity supplier (FIT Licensee). It will provide you with a list of the documents you will need to submit and a copy of the application form you will need to complete. All electricity suppliers will require you to submit your MCS Certificate, your Energy Performance Certificate and proof of ownership of the generating system (this could be in the form of a paid invoice for example). You must obtain proof that your electricity supplier has received your application. If you are submitting it by post it is best to use Special Delivery. If you are submitting it electronically you should ensure that your system gives you a proof that the email has been received.

You can find more information about this here: <https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/applying-feed-tariff-fit-scheme>

What will the recent changes to the FIT scheme mean for me?

On 17 December 2015 Government announced it intended to make far-reaching changes to the FIT scheme. These changes mean that, from 15 January 2016, there are strict 'deployment caps' on the number of installations which qualify for FIT payments and, from 8 February 2016, the FIT rate for domestic solar PV systems will reduce to 4.39p/kWh. This rate will reduce quarterly by a set amount, and by an additional 10% if the 'deployment cap' for that quarter has been filled. This means that it will not be possible for you to

know in advance the FIT rate you will receive. You will only know for sure once you receive confirmation from your electricity supplier (FIT Licensee).

Table 2: DECC chart outlining default degression in the absence of contingent degression and RPI changes²

2016 prices p/kWh	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Solar PV													
<10kW	4.39	4.32	4.25	4.18	4.11	4.04	3.97	3.90	3.83	3.76	3.69	3.62	3.55

What if I am already receiving FIT payments for my installation?

These changes will not affect you if you have already registered for the FIT scheme and are receiving payments from your electricity supplier. You will continue to receive these payments just as you have been doing. But if you decide to extend your existing solar PV system you will not be entitled to receive FIT payments for the new element of your installation.

What is a deployment cap?

A deployment cap is a strict quarterly quota applied to the amount of installed capacity that can qualify for a given FIT rate. Government hopes that this quota system will enable it to limit expenditure on the FIT scheme to £100 million from 15 January 2016 to 31 March 2019. Government has set out the amounts by which FIT rates will reduce each month in the table below. This reduction will be increased by 10% if the quarterly quota has been met.

Table 3: DECC chart setting out maximum deployment caps (deployment per quarter)³

		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

²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt_response_Final.pdf see page 30

³https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt_response_Final.pdf see page 14

Table 4: DECC chart setting out estimated number of installations at maximum deployment (deployment per quarter)⁴

		2016				2017				2018				2019
Estimated number of installations ⁵		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

Table 4 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.⁴

How will I know how much I will be paid?

Government has set out a tariff rate of 4.85p/kWh that will apply to <10kWp installations from 8 February 2016 until 31 March 2016. This rate will gradually reduce for new installations until 2019. But the FIT rates will only be available to installations within the strict quarterly quotas in place. This means that you will have to wait until you receive official confirmation of the FIT rate you will receive from your electricity supplier (FIT Licensee). Your export tariff will not be subject to deployment caps and so won't change however.

Who will decide how much I will get paid?

Ofgem will determine which FIT rate you are eligible for. They will base their determination according to the date and time on which your MCS Certificate was issued. These Certificates will be placed into a queue in the Central FIT Register, and yours will be allocated strictly in turn to the next available quota. So this means that your FIT rate will depend on how many other people are registering their installations at the same time as you, and when the quarterly quota is met.

What happens if my property doesn't meet high enough energy efficiency standards?

To be eligible for the FIT tariffs set out in the table above you must have an Energy Performance Certificate for your property rated at least Band D. You must have this Certificate in your possession before you have your solar PV system installed, and you are not allowed to count your future solar PV installation towards the Band D rating.

If your property does not meet the Band D requirements you are still eligible for standalone FIT payments. But you will receive a much lower rate. From 8 February 2016 this rate is 0.87p/kWh and this will reduce in line with strict quarterly quotas in the same way as the higher FIT rates outlined above. You will also receive the export tariff of 4.85p/kWh for 50% of your generation.

⁴https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt_response_Final.pdf see page 15

Table 5: Tariff rates for sub-10kWp and standalone systems from 15 January 2016

Tariffs	Installed capacity	New tariffs	Export tariff
Solar PV	<10kWp	4.39p/kWh	4.85p/kWh
	Standalone	0.87p/kWh	4.85p/kWh

Will I have to pay VAT on my solar PV system?

Currently you will pay 5% VAT on your solar PV system. However the Government is consulting on increasing this VAT rate to 20%. If this goes ahead it is likely to come into force on 1 August 2016.

Further reading

General advice and ‘top tips’ for consumers interested in installing renewables in their home:

<https://www.recc.org.uk/consumers>

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>