



Feed-In Tariffs and Renewable Heat Incentives: know the score

Government announces decisions on the Feed-In Tariff

Summary and implications

This Monday the Government confirmed its policy decisions on the final form of the Feed-In Tariff (FiT) scheme. Based on those decisions, a draft Order is due to be laid before Parliament this month.

The Feed-in tariff for small scale low carbon electricity will be introduced on 1 April 2010. From then on, homeowners and businesses will be able to:

- generate electricity and either consume it on-site – earning a **generation tariff**; or
- generate electricity and export it to the grid – earning both a **generation tariff** and an **export tariff**.

The export tariff will be set at 3p/kWh (2p/kWh less than originally proposed). The levels of generation tariff have been raised marginally to deliver the same overall rate of return. The levels of tariff vary according to technology type, as set out below:

Tariff levels for electricity financial incentives		
Technology	Scale	Tariff (p/kWh) Year 1: 1/04/10- 31/03/11
Anaerobic digestion	≤500kW	11.5
Anaerobic digestion	>500kW	9.0
Hydro	≤15 kW	19.9
Hydro	>15 - 100kW	17.8
Hydro	>100kW - 2MW	11.0
Hydro	>2kW - 5MW	4.5

Ask a question

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The Climate Change and Energy team

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Technology	Scale	Tariff (p/kWh) Year 1: 1/04/10- 31/03/11
MicroCHP pilot*	≤2 kW*	10*
PV	≤4 kW (new build)	36.1
PV	≤4 kW (retrofit)	41.3
PV	>4-10kW	36.1
PV	>10 - 100kW	31.4
PV	>100kW - 5MW	29.3
PV	Standalone system	29.3
Wind	≤1.5kW	34.5
Wind	>1.5 - 15kW	26.7
Wind	>15 - 100kW	24.1
Wind	>100 - 500kW	18.8
Wind	>500kW - 1.5MW	9.4
Wind	>1.5MW - 5MW	4.5
Existing micro-generators transferred from the RO		9.0

Other key decisions:

- Up to 30,000 non-renewable micro-CHP will benefit from support as a pilot under the FiT scheme. Support will not be available for non-renewably fuelled CHP larger than 2kW.
- Biomass (other than anaerobic digestion) will not be eligible for support under the FiT scheme but may still be eligible under Renewables Obligation Order.
- Generators will receive a fixed tariff for their period of FiTs entitlement, though the rate will be indexed. However, the starting rates for new generators in future years will reduce each year.
- Generators will generally be entitled to receive FiTs for 20 years. However, PV will receive support for 25 years; support will be available under the micro-CHP pilot for 10 years; and existing generators transferred from the RO will benefit from FiTs until 2027.
- Generating equipment and installers must be certified under the Micro-generation Certification Scheme to claim FiTs.

Renewable Heat Incentives to commence from April 2011

Summary and implications

The Department of Energy and Climate Change has also announced details of its plans for the Renewable Heat Incentive (RHI) – launching a consultation on its scheme to incentivise renewable heat generation at all scales:

Tariff levels for Renewable Heat Incentives			
Small installations			
Technology	Scale	Tariff (p/kWh)	Tariff lifetime (years)
Solid biomass	Up to 45kW	9	15
Biodiesel	Up to 45kW	6.5	15
Biogas on-site combustion	Up to 45kW	5.5	10
Ground source heat pumps	Up to 45kW	7	23
Air source heat pumps	Up to 45kW	7.5	18
Solar thermal	Up to 20kW	18	20
Medium installations			
Solid biomass	45kW-500kW	6.5	15
Biogas on-site combustion	45kW-200kW	5.5	10
Ground source heat pumps	45kW-350kW	5.5	20
Air source heat pumps	45kW-350kW	2	20
Solar thermal	20kW-100kW	17	20
Large installations			
Solid biomass	500kW and above	1.6 -2.5	15
Ground source heat pumps	350kW and above	1.5	20
Biomethane injection	All scales	4	15

- This will come into effect in April 2011 and guarantee payments for those who install technologies such as biomass boilers, ground source heat pumps and air source heat pumps.
- Renewable heat generators will receive payments as set out in the table above.
- Details of the tariff that will be introduced to fund the scheme will be set out in the Government's 2010 Budget.

Under the RHI, the installation of a ground source heat pump in an average semi-detached house with adequate insulation levels could be rewarded with £1,000 a year. This could also lead to savings of £200 per year if used instead of heating oil.

The RHI could help businesses and domestic consumers lower their fuel bills and gain a cash reward for using a greener heating supply.

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