

# Solar Photovoltaic (PV) Installations: Proposed changes to Feed-In Tariffs - How does this affect me?

*This guide has been written with a householder in mind to provide an overview of proposed changes to the Feed-in Tariffs (FITs) scheme. It focuses on the proposed tariff changes for solar photovoltaic (PV) installations with a capacity of 4 kW or less.*

*The Energy Saving Trust website provides a wealth of information about your options ([www.energysavingtrust.org.uk/FITsreview](http://www.energysavingtrust.org.uk/FITsreview)) their helpline number is 0800 512 012. For complete details of the proposals, including the proposed tariffs for larger PV installations, please visit [www.decc.gov.uk/FITS](http://www.decc.gov.uk/FITS).*

On 31 October, the Government announced proposed changes to the FITs Scheme for small scale low-carbon electricity generation. These proposals could have an effect on the rate of FITs payments you will receive if you install solar PV. If the proposals are agreed following consultation, you will be affected as follows:

**If you already have an eligible solar PV installation** with a complete and valid Microgeneration Certification Scheme ("MCS") certificate, and your FIT licensee (an electricity supplier) has received your application form and MCS certificate, there will be **no change**. You will continue to be eligible, for 25 years from the eligibility date of your installation, to receive the current rate which is 43.3p for each kWh of electricity you generate.

**If you are in the process of installing**, or are about to start doing so, and your installation is completed *and* your FIT licensee (an electricity supplier) receives your application for FITs together with a complete and valid MCS certificate before **midnight on 11 December 2011**, you will be eligible to receive the current rate for each kWh of electricity you generate.

**If you are in the process of installing, or considering installing** PV, but do not *both* complete the installation *and* ensure that your FIT licensee (an electricity supplier) receives your application for FITs together with a complete and valid MCS certificate before **midnight on 11 December 2011**, you will receive 43.3p for each kWh of electricity you generate between the date your application is received by your FIT Licensee and 31 March 2012. From **1 April 2012** you will receive a lower rate of **21p** per kWh generated for the remainder of the 25 years eligibility period.

In addition, if you complete the installation and your FIT licensee (an electricity supplier) receives your application for FITs together with a complete and valid MCS certificate **on or after 1 April 2012**, you will be required to demonstrate that the building to which your installation is attached or wired meets specified energy efficiency requirements in order to be eligible for the new 21p tariff. The consultation paper contains more details of the proposed requirements. If you do not meet these requirements at the time you apply for FITs (or, for a transitional period, within 12 months afterwards), you would receive a lower tariff of 9p per kWh.

The installer you choose needs to be accredited by the REAL assurance scheme which will protect you from bad practice. More information is available via the REAL website [www.realassurance.org.uk](http://www.realassurance.org.uk).

### **Why is the Government proposing these changes?**

The FITs scheme was designed to promote the take-up of small-scale low carbon electricity generation – largely through the installation of solar PV installations - by domestic consumers and others. Take-up has been much higher than envisaged, and the costs of installing PV have fallen by around 30% since the scheme started. The returns available to customers installing PV are therefore much higher than originally envisaged and are unsustainable without imposing a significant increase on the average electricity customer's bill.

The proposed changes will not affect those who have already installed PV and are registered for FITs, but are designed to reduce the tariffs for *new* installations in the light of developments such as the falling costs of installing PV. The proposed changes also aim to link FITs in future with improvements in energy efficiency which is one of the most cost-effective ways of reducing carbon emissions. The average rate of return for people receiving the proposed new rate of 21p per kWh is expected to be around 4.5%.

### **Why has the Government chosen 12 December as the cut-off date?**

12 December is 6 weeks from the launch of the consultation on 31 October. This is to allow those who have already paid a deposit a reasonable period to complete their installation and apply for FITs.

### **What you have to do to ensure you have a valid application in time?**

The important deadline is 12 December. Before this date, i.e. by midnight on 11 December, your FIT licensee (normally your electricity supplier) must have received your application for FITs and a valid MCS certificate for your installation. You should check in advance with your FIT licensee about the application process for FITs (noting in particular that 11 December is a Sunday), and obtain a copy of their application form. For maximum certainty, we suggest you consider using Royal Mail Special Delivery or a similar alternative from another delivery company which provides proof that the application has been received.

### **How certain are these changes?**

The Government is currently consulting on these proposals. This consultation will continue until 23 December. The Government may, following receipt and analysis of these consultation responses, change some or all of the detail of the proposals. But it will not bring forward the cut-off date any earlier than 12 December, or the date for reduction of tariffs to before 1 April 2012. To take part in the consultation please visit [www.decc.gov.uk/FITS](http://www.decc.gov.uk/FITS).