

Feed-in tariffs (FITs) and the Low Carbon Buildings Programme (LCBP)

We are aware that following the publication of the Government's response to the feed-in tariffs consultation there has been uncertainty over eligibility for feed-in tariffs where grant support has been provided, in particular in relation to phases 1 and 2 of the Low Carbon Buildings Programme.

We have produced the following guidance which we hope clarifies the situation. Should you have additional questions, then please contact the Renewable Financial Incentives team at rfi@decc.gsi.gov.uk.

Householders: grants received through LCBP Phase 1

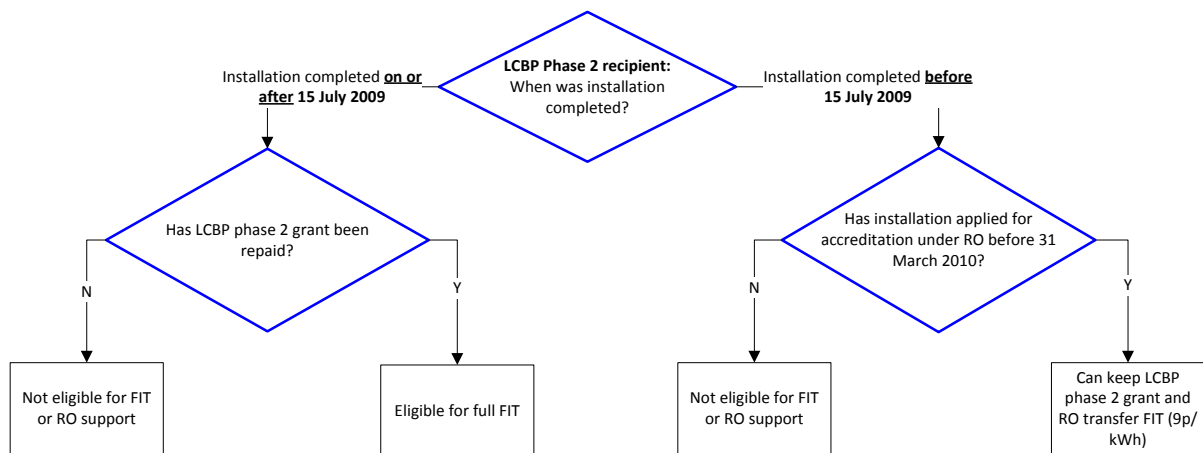
- If the installation was **completed before 15 July 2009**:
 - Any installation accredited under the RO on or before 31 March 2010 will transfer to the "existing microgenerators transferred from the RO" 9p/kWh tariff and will receive this tariff until 2027.
 - Any installation not accredited under the RO on or before 31 March 2010 will not be eligible to receive support through the feed-in tariff and will not be eligible for RO support as of 1 April 2010.
- If the installation was completed **on or after 15 July 2009**:
 - As an exception to the usual treatment of grant support and FITs, householders may keep the grant support received through the Low Carbon Buildings Programme phase 1 and receive the full tariff rate.

Non-domestic properties and LCBP Phase 2

Where a project has received LCBP Phase 2 support:

- If the installation was **completed before 15 July 2009**:
 - Any installation accredited under the RO on or before 31 March 2010 will transfer to the "existing microgenerators transferred from the RO" 9p/kWh tariff and will receive this tariff until 2027.
 - Any installation not accredited under the RO on or before 31 March 2010 will not be eligible to receive support through the feed-in tariff and will not be eligible for RO support as of 1 April 2010.
- If the installation was **completed on or after 15 July 2009**:
 - LCBP phase 2 recipients have the option of keeping / receiving the LCBP phase 2 grant **or** receiving feed-in tariff support. **They cannot have both.**
 - The "existing microgenerators transferred from the RO" 9p/kWh tariff **is not available** to these installations since they were not existing microgenerators on 15 July 2009.
 - Therefore an installation that has not yet commissioned has the option of:
 - **keeping** the LCBP phase 2 grant and not receiving any additional support; or
 - **repaying** the LCBP phase 2 grant and receiving the appropriate FIT

LBCP Phase 2 recipients and FITs flow chart



Other grant schemes

- Final rules for the scheme will have to comply with EU rules on state aid, and treatment of grant payments combined with FITs income will be dependent on ensuring compliance with those rules. Clearly there may be issues where installations receive grant support to assist with capital costs and then attempt to claim FITs which have been designed to provide ongoing revenue to offset capital costs.
- Accepting grants in relation to capital costs of a project may therefore affect eligibility for FITs payments.

Q&A

NB Access to FITs is always dependent on meeting the FITs eligibility criteria as a first step. Where reference is made to being able to access FITs on this page it is always on the assumption that other scheme eligibility criteria have been met.

- **What about a grant that I received from a private company? Can I use that and still get FITs?**
 - There is no restriction on receiving FITs support in addition to a grant from a company, unless the grant is made on behalf of, or using funds from, a public body, in which case the grant will be treated in the same way as a grant by a public body.
- **Why won't you let me have both the LCBP grant and FITs?**
 - The FIT levels have been set to provide an approximate rate of return for investors based on the installed cost of generating technologies. Using public funds to provide grant funding for these installations lowers the installed cost of generating technologies for grant recipients and therefore if we were to allow grant funding and FIT funding we would have to demonstrate that these projects were not being over-compensated.
 - FITs have been put in place to provide a long term financial support mechanism for the generation of small scale low carbon electricity. They replace grant schemes that have operated previously.
 - Householders are being treated **as an exception** because of the potential disproportionate cost of requiring funding to be paid back from a very large number of recipients of relatively small grant amounts

- **How do I repay my grant to get FITs?**
 - You should contact the grant issuer in the first instance.
- **Do I have to pay interest on my grant when paying it back?**
 - You may have to – contact the grant issuer for more information
- **Can I get FITs and then repay my grant when I have enough money?**
 - No. The grant must be repaid in order to be eligible for FITs support.
- **I can't afford to pay back my grant, how do I get a FIT?**
 - We are trying to provide flexibility for generators who installed after 15 July 2009 to choose either grant support or FITs. If an organisation is unable to pay back their grant then they will be unable to claim FITs.
- **I'm considering applying for a grant – how do I know if grants or FITs are better for my organisation?**
 - That will depend on the individual circumstances of the organisation. Organisations can use the finalised FITs tariffs to predict what their income will be through FITs, and should compare this against the grant offers that are available. Suppliers of relevant technologies may also be able to provide advice.
 - Government cannot advise on which option organisations should take.