

## Feed-in Tariff Scheme: Guidance for Licensed Electricity Suppliers

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### Overview:

This guidance document is published by Ofgem, under Article 36 of the Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010 (FITs Order 2010), to provide guidance to all GB Licensed Electricity Suppliers on their duties under the Feed-in Tariff Scheme (FITs). The guidance document is not a definitive legal guide to the FIT Scheme, although its publication is made in accordance with the FITs Order 2010 and Licensees are expected to comply with its provisions. It provides details of the processes, procedures and interactions being established to deliver FITs, as well as providing guidance on what Licensed Electricity Suppliers are required to do in order to comply with the new Supply Licence Conditions (SLCs) relating to the FITs (Conditions 33 and 34, contained in the new section C of the SLCs) and the FITs Order 2010. The relevant supply license modification and legislation were laid before Parliament on 8 February 2010 and 9 March 2010 respectively. The FITs came into force on 1 April 2010.

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## Context

The Secretary of State for Energy and Climate Change used enabling powers contained in the Energy Act 2008 to introduce a Feed-in Tariff Scheme to Great Britain. The Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010 ("the FITs Order") and the modifications to Electricity Supply Licence Conditions ("SLC's") became effective from 1 April 2010.

The FITs is designed to be available through Licensed Electricity Suppliers and is intended to encourage the uptake of small scale renewable and low carbon technologies of a capacity size up to 5MW. The FITs requires certain Licensed Electricity Suppliers to make tariff payments on both the generation and export of renewable and low carbon electricity from eligible installations using Photovoltaic (PV), Wind, Hydro, Anaerobic Digestion (AD) and CHP.

## Associated Documents

- Overview of Responses to Ofgem's Consultation on the FITs: Guidance for Licensed Electricity Suppliers  
  
(published alongside this document at [www.ofgem.gov.uk/fits](http://www.ofgem.gov.uk/fits))
- Introducing the Feed-in Tariff scheme – factsheet  
  
[http://www.ofgem.gov.uk/Media/FactSheets/Documents1/fits\\_energy%20prices%20update%20FS.pdf](http://www.ofgem.gov.uk/Media/FactSheets/Documents1/fits_energy%20prices%20update%20FS.pdf)
- Letter to Accredited Independent Micro Generators under the Renewable Obligation  
  
<http://www.ofgem.gov.uk/Sustainability/Environment/fits/Documents1/Letter%20to%20Accredited%20Independent%20MicroGenerators.pdf>
- Letter to Accredited Small Generators under the Renewable Obligation  
  
<http://www.ofgem.gov.uk/Sustainability/Environment/fits/Documents1/Letter%20to%20Accredited%20Small%20Generators.pdf>
- Letter to Microgeneration Agents under the Renewable Obligation  
  
<http://www.ofgem.gov.uk/Sustainability/Environment/fits/Documents1/Letter%20to%20Microgeneration%20Agents.pdf>

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## Executive Summary

The Feed-In Tariff scheme (FITs) is a new environmental programme aimed at promoting widespread uptake of a range of small-scale low carbon electricity generation technologies. FITs will require certain Licensed Electricity Suppliers to pay fixed tariffs to small renewable and Combined Heat and Power (CHP) Generators for electricity generated and electricity exported to the National Grid.

The FITs policy and Tariff Rates are set by the Government, but the FITs will be administered by FIT Licensees and Ofgem. This is a guidance document published by Ofgem for all GB Licensed Electricity Suppliers, providing guidance on their duties under the FITs. The guidance is not a definitive legal guide to the FITs, although its publication is made in accordance with the FITs Order 2010 and Licensed Electricity Suppliers are expected to comply with its provisions.

It provides details of the proposed processes, procedures and interactions being established to deliver FITs, as well as providing guidance on what Licensed Electricity Suppliers are required to do in order to comply with the new Electricity Standard Licence Conditions (SLCs) relating to the FITs (Conditions 33 and 34, contained in the new section C of the SLCs) and the FITs Order 2010..

### **Role of Licensed Electricity Suppliers in FITs**

FIT Licensees will be the main contacts and administrators of FITs. Their role will be to take Generators through the registration process, in addition to providing tariff payments for both generation, and export outputs (if applicable).

Licensed Electricity Suppliers will be divided into three groups. Licensed Electricity Suppliers with more than 50,000 domestic customers on 31 December will become Mandatory FIT Licensees the following the FIT Year (which runs from 1 April to 31 March). All other Licensed Electricity Suppliers will be non FIT Licensees unless they elect to become Voluntary FIT Licensees. They are able to elect to do this throughout the FIT Year, but once elected they will remain a Voluntary FIT Licensee for the remainder of that FIT Year.

Mandatory and Voluntary FIT Licensees are collectively known as FIT Licensees and are responsible for:

- i) taking all reasonable steps to verify that an installation of a FITs Generator is eligible under the FITs and the information provided by the FITs Applicant is accurate (see Chapter 3);
- ii) registering Eligible Installations (both MCS FIT Accredited and ROO-FIT Accredited) onto the Central FIT Register if that installation has not already been registered (see Chapter 3);

- iii) ensuring the accuracy of the data placed on the Central FIT Register for Installations registered to receive FIT Payments from them, and if necessary updating and amending the Central FIT Register with new information regarding Installations and Generators (see Chapter 3 and Chapter 7);
- iv) taking all reasonable steps to acquire Generation Meter Readings and verifying that these Generation Meter Readings are reasonable and within Expected Tolerances for that particular Installation (see Chapter 4 and Chapter 7); and if applicable, Export Meter Readings, at least once every two years (see Chapter 7);
- v) calculating FITs Payments using the information held on the Central FIT Register and by the FIT Licensee themselves (see Chapter 4);
- vi) making FIT Payments to FIT Generators and Nominated Recipients in accordance with the information held on the Central FIT Register (See Chapter 4);
- vii) ensuring that FIT Generators and Nominated Recipients only receive FIT Payments to which they are entitled to;
- viii) taking all reasonable steps to verify generation meter readings, and if applicable, export meter readings at least once every two years (see Chapter 7);
- ix) assisting Generators applying to FITs and providing a reasonable level of customer service; and
- x) ensuring that FIT Generators registered with the FIT Licensee for both their electricity supply and FITs Generation Payment and Export Payment (if applicable) are not discriminated unreasonably in terms of changing electricity supplier or the price paid for electricity supply.

FIT Payments must be made at the rates set out under the SLCs and as subsequently updated and published by Ofgem. If a FIT Licensee wishes to make additional payments to generators as a commercial matter outside of the statutory FIT Scheme, any such payments should be identified separately in any communication with generators (e.g. itemised separately within their Bill) and any such payments must not be included within the FIT Licensee's Levelisation notifications to Ofgem.

The cost of FITs will be shared by all Licensed Electricity Suppliers, who will be required to contribute to the costs of FITs through participation in the Levelisation Process.

## Role of Ofgem in FITs

Ofgem's key role will be in administering the behind the scenes functions of FITs. Those functions include:

- establishing and maintaining the Central FIT Register
- calculating periodically and annually the FITs contribution of each Licensee and receiving Levelisation Payments from all Licensed Electricity Suppliers, and making Levelisation Payments to FIT Licensees.
- monitoring Licensed Electricity Suppliers' compliance with the requirements of Section C of the Electricity Supply Licence and the FITs Order 2010.

In addition Ofgem will be responsible for:

- directly accrediting Eligible Generation Installations which are greater than 50kW in Declared Net Capacity, or use AD technology in generating electricity.
- publicly reporting on Licensed Energy Suppliers' compliance and on the total number of FIT Generators registered on the Central FIT Register, and the number of MWh generated and FIT Payments made under FITs.

General questions on this document and on compliance with the SLCs and FIT Order should be directed to the FIT Compliance Manager ([fitcompliance@ofgem.gov.uk](mailto:fitcompliance@ofgem.gov.uk) and 020 7901 7290).

Specific questions regarding the Central FIT Register, Fraud Prevention and Eligibility interpretation should be directed to the Central FIT Register Manager ([fitregister@ofgem.co.uk](mailto:fitregister@ofgem.co.uk) and 0207 901 1829).

Questions on RO migration or ROO-FIT Accreditation should be directed to the Renewables Team ([renewable@ofgem.gov.uk](mailto:renewable@ofgem.gov.uk) and 020 7901 7310).

## 1. Introduction

At all times, the onus is on the Licensed Electricity Supplier to ensure that it complies with the requirements of the FITs Order 2010 and relevant Electricity Licence Conditions. While this document is not intended to provide comprehensive legal advice on how the FITs Order 2010 and SLCs should be interpreted, it is intended to facilitate the efficient operation of the FIT scheme.

## 2. The role of Licensed Electricity Suppliers in FITs

This section explains the basic role of all Licensed Electricity Suppliers in Great Britain in operating FITs, including obligations to offer FIT Services and participate in the Levelisation Process.

## 3. Eligibility, Accreditation and FIT Generator Registration

This section sets out the basic rules on eligibility and the process of registering Eligible Installations, including details of which types of installations should go through the MCS FITs Accreditation Process and which should go through the ROO-FITs Accreditation Process.

## 4. FIT Payments

This section sets out how FIT Payments should be calculated, including the differences between Generation Payments, FIT Export Payments which are metered, FIT Export Payments which are Deemed and non-FIT Export Payments.

## 5. Extension and Relevant Payment Calculations

This section sets out how to deal with an Extended FITs Installation including how an Extended Installation should be treated in relation to the original FITs Installation and how to determine when different FITs Tariff Levels apply.

## 6. Eligibility Date and Eligibility Period

This section sets out how Eligibility Dates and Eligibility Periods are determined. These are important because FITs Payments are only due within the Eligibility Period.

## 7. Audit, Assurance and Enforcement

This section sets out general principles, detailing what Ofgem expects FIT Licensees to do in order to verify information used in FITs.



## **8. Notification and Licensee Registration**

This section sets out the framework for notification and Licensed Electricity Suppliers' registration for the FITs.

## **9. Levelisation Process**

This section sets out how Ofgem intend to administer the Periodic Levelisation Process and Annual Levelisation Process, including what Ofgem expects the FIT Licensee to do in order to comply with these processes.

## **10. Legal Framework**

This section sets the general policy and legal context of FITs.

## **11. Dispute Resolution**

This section set out how complaints and disputes can be raised and resolved when involving Ofgem. Further work is being undertaken by the Department of Energy and Climate Change (DECC) and industry to set out a framework to deal with all other types of disputes.

## **The appendices**

The appendices to this document provide additional information about:

- Information needed by the FIT Licensee regarding a Generator, Installation and Nominated Recipient in order to be able to register the Installation onto the Central FIT Register.
- Further details on the Statement of FIT Terms
- A summary of the Authority's powers and duties
- Glossary
- Feedback Questionnaire

## 2. The role of Licensed Electricity Suppliers in FITs

### Chapter Summary

This chapter sets out the basic roles of Licensed Electricity Suppliers within FITs.

### General Principles

2.1. As provided for in the Energy Act 2008 and SLCs, only Licensed Electricity Suppliers are able to become FIT Licensees.

2.2. Licensed Electricity Suppliers who have a minimum of 50,000 domestic customers (as defined in the SLCs) will be obliged through their Electricity Supply Licence to register and make FITs Payments to Eligible Generators (see Chapter 8). These Licensees are classed as Mandatory FIT Licensees.

2.3. Licensed Electricity Suppliers with fewer than 50,000 domestic customers can elect to register and make FIT Payments to Eligible Generators. These Licensees are classed as Voluntary FIT Licensees and are required to remain in FITs for at least the remainder of the FIT Year (1 April - 31 March) in which they enter.

2.4. Mandatory and Voluntary FIT Licensees (collectively known as FIT Licensees) will be responsible for delivering a range of aspects of FITs, including assessing whether an Installation is Eligible, registering Eligible Installations on the Central FITs Register (See Chapter 3), making FITs Payments (See Chapter 4) and verifying Generation and Export Meter Readings (See Chapter 7).

2.5. FIT Licensees will have a central role in the delivery of FITs. In most cases, it is expected that FIT Generators will receive FITs payments from their Licensed Electricity Supplier. However, Generators will be able to apply to any FIT Licensee, should they prefer to do so or if their Licensed Electricity Supplier does not participate in FITs.

2.6. All Licensed Electricity Suppliers will be required to contribute to the cost of FITs through participation in the Levelisation Process (See Chapter 9).

### Obligations to offer FITs Services

The section below outlines the basic roles of each FIT Licensee towards Generators, summarised in Table 1 below.

## **Mandatory FIT Licensee**

2.7. A Mandatory FIT Licensee is obliged, when approached, to register and make FIT Payments to:

- i) its own electricity supply customers;
- ii) an electricity supply customers of a Licensed Electricity Supplier who is not a Mandatory FIT Licensee; or
- iii) a Generator with an Eligible Installation on a Site which does not receive an electricity supply from the National Grid (i.e. "off grid" installations).

2.8. Notwithstanding its obligation as stated in the preceding paragraph, a Mandatory FIT Licensee is free to register and make FIT Payments to any FIT Generator or Nominated Recipient it chooses to offer FIT services to.

## **Voluntary FIT Licensee**

2.9. Once it has opted to become a FIT Licensee, a Voluntary FIT Licensee is obliged to register and make FIT Payments, when approached, by a Generator with a Declared Net Capacity of 50kW or below and who is an electricity supply customer of the Voluntary FIT Licensee.

2.10. Notwithstanding its obligation as stated in the preceding paragraph, a Voluntary FIT Licensee is free to register and make FIT Payments to any FIT Generator or Nominated Recipient it chooses to offer FIT services to.

## **Licensed Electricity Supplier not offering FITs**

2.11. Licensed Electricity Suppliers cannot offer FIT Services unless they either notify Ofgem that they are a Mandatory FIT Licensee or provide a FITs Notification that confirms that they are electing to become a Voluntary FIT Licensee.

2.12. If approached by a Generator for the provision of FITs Services, Licensed Electricity Suppliers who have not notified Ofgem they are either a Mandatory or Voluntary FIT Licensee, should inform the Generator that they do not provide FITs Services and direct the Generator towards the full database of FIT Licensees maintained by Ofgem. The database can be found here: [www.ofgem.gov.uk/fits](http://www.ofgem.gov.uk/fits).

Table 1: This table outlines the basic obligation all Licensed Electricity Suppliers have.

	FIT Licensees		
	Mandatory	Voluntary	Other
<u>Obligation</u> to take on (if requested)	<ul style="list-style-type: none"> <li>•own customers</li> <li>•customers of non Mandatory suppliers</li> <li>•off-grid customers</li> </ul>	•own customers <=50kw	None – but must give information on how to find FITs Licensee
<u>Optional</u> to take on	Any other FITs Generator	Any other FITs Generator	None

## Responsibilities on all FIT Licensees

2.13. Mandatory FIT Licensees and Voluntary FIT Licensees are responsible for:

- i) taking all reasonable steps to verify that a FITs Generator/Applicant's Installation is eligible for the FITs and the information provided by the FITs Generator/Applicant is accurate (see Chapter 3 and Chapter 7);
- ii) registering Eligible Installations (both MCS FITs Accredited and ROO-FITs Accredited) onto the Central FITs Register if that Installation is not already registered (see Chapter 3);
- iii) taking all reasonable steps to ensure the data placed on the Central FIT Register for Installations registered to receive FITs Payments from them is accurate, and if necessary updating and amending the Central FIT Register with new information regarding Installations and Generators (see Chapter 3, Chapter 5 and Chapter 7);
- iv) taking all reasonable steps to acquire Generation Meter Readings and satisfy themselves that these Generation Meter Readings are reasonable and within Expected Tolerances for that particular Installation (see Chapter 7); and if applicable, Export Meter Readings at least once every two years (see Chapter 7);
- v) calculating FITs Payments using the information held on the Central FITs Register and by the FIT Licensee (including meter readings) (see Chapter 4);

- vi) making FIT Payments to FIT Generators and Nominated Recipients in accordance with the information held on the Central FIT Register (See Chapter 4);
- vii) ensuring that FIT Generators and Nominated Recipients only receive FIT Payments in which they are eligible for;
- viii) taking all reasonable steps to verify generation meter readings, and if applicable, export meter readings at least once every two years (see Chapter 7);
- ix) assisting Generators applying to join the FITs and providing a reasonable level of customer service; and
- x) ensuring that FITs Generators registered with the FIT Licensee for both their electricity supply and FITs Generation Payment, and FITs Export Payment (if applicable) are not discriminated unreasonably in terms of changing electricity supplier or the price paid for electricity supply.

2.14. When providing information to a FIT Generator (whether in writing, by electronic display or orally) in relation to this Scheme, FIT Licensees must take all reasonable steps to ensure the information:

- i) is complete and accurate;
- ii) is capable of being easily understood by the FIT Generator;
- iii) does not mislead the FIT Generator; and
- iv) is otherwise fair, transparent, appropriate and delivered in a professional manner both in terms of content and in terms of how it is presented (with more important information being given appropriate prominence).

2.15 As FITs develops Ofgem will monitor the experiences of FIT Generators and consumers and will look to issue further advice to FIT Licensee on how to deal with consumers and FIT Generators if appropriate.

## 3. Eligibility, Accreditation and Registration

### Chapter Summary

This chapter sets out the basic principles and responsibilities of FIT Licensees for determining Eligibility and Accreditation under the FITs. This chapter also sets out the basic steps required when registering FITs Generators onto the Central FIT Register. More details on the practicalities of how to do this will be contained in Ofgem's Central FIT Register User Guidance.

### Basic Eligibility Criteria

3.1. Only Eligible Installations within GB will be accredited under the FITs.

3.2. The FITs Order 2010 defines "Eligible Low Carbon Energy Sources" for the purposes of the FIT Scheme as the following sources of energy or technology:

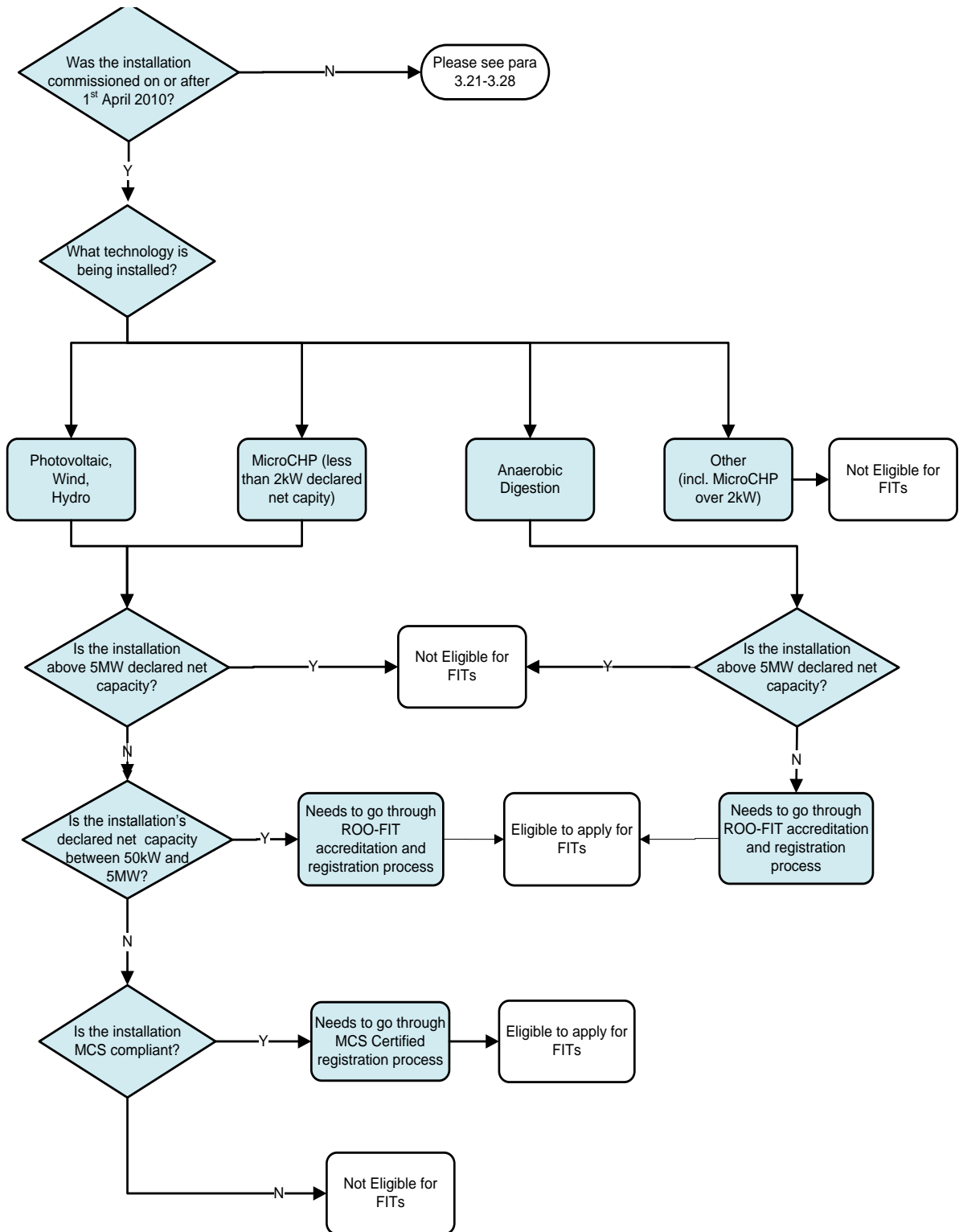
- i) Anaerobic Digestion, as defined in the ROO;
- ii) Hydro Generating Station, as defined in the ROO;
- iii) Combined Heat and Power (CHP) with an electrical capacity of Declared Net Capacity of 2kW or less;
- iv) Solar Photovoltaic (PV);
- v) Wind;

3.3. To be eligible to join the FITs, an Installation must not exceed a Declared Net Capacity of 5MW (2kW in the case of CHP) and be a MCS-Certified Installation or be ROO-FIT Accredited. Basic summary diagrams can be found below in Figure A and Table 2.

3.4. Before an Installation can be registered onto the Central FIT Register it must have the correct generation meters in place.

3.5. Micro CHP stations that have a Declared Net Capacity of 2kW and under, will be eligible to join the FITs on a pilot scheme basis. This means that only the first 30,000 Micro CHP stations registered on the Central FIT Register will be Eligible for FITs Payments. Ofgem will announce publicly when FIT registered installations reach 10,000.

Figure A: Flow chart of basic eligibility for participation in the FITs



3.6. Installations with a Declared Net Capacity of above 50kW and up to 5MW will have a one off choice to either join the FITs or the Renewables Obligation (RO). This decision will need to be made during the ROO-FITs Accreditation Process with Ofgem.

3.7. Installations on sites which have or have had electricity sold pursuant to a Non-Fossil Fuel Obligation (NFFO) arrangement will be ineligible to join the FITs. However these installations may still be eligible for the RO.

3.8. In order to be eligible for FITs Payments, Installations must either be certified under the MCS certification process, or accredited by Ofgem via the ROO-FITs Accreditation process.

3.9. The FITs Order 2010 defines a "MCS-FITs Technology" as the following eligible low-carbon energy sources for which MCS certification or equivalent is required:

- i) PV with a Declared Net Capacity of 50kW or less;
- ii) Wind with a Declared Net Capacity of 50kW or less;
- iii) Hydro with a Declared Net Capacity of 50kW or less;
- iv) CHP with an electrical capacity of Declared Net Capacity of 2kW or less.

3.10. This means that these Installations must be a MCS installation (commissioned by an MCS-Certified Installer using a MCS-Certified Product) or be certified under an equivalent scheme.

3.11. Currently the MCS view products covered by the Solar Keymark and by its own MCS transition arrangements as being equivalent schemes. Currently no installer scheme is recognised as being an equivalent. Given that all installations of this type must be carried out by a MCS-Certified Installer, the installation will normally carry a MCS certificate and details of the Installation will be listed on the MCS Database.

3.12. Installations which are over 50kW in Declared Net Capacity and up to 5MW Declared Net Capacity, or which are AD, will be required to go through the ROO-FITs process. They will receive an ROO-FITs Accreditation Letter from Ofgem to verify accreditation and be listed in the Renewables and CHP Register as such.



Table 2: Eligibility Route for New Installations (from 1 April 2010).

Technology	Microgen (<=50kW)	Small (50kW-5MW)
PV	MCS	ROO-FIT
Wind	MCS	ROO-FIT
Hydro	MCS	ROO-FIT
Anaerobic Digestion	ROO-FIT – all scales	
Micro-CHP (<2kW)	MCS (<2kW) only	NOT ELIGIBLE

MCS= MCS-Certified, ROO-FIT=ROO-FIT Accreditation

## MCS-Certified Registration

3.13. FIT Licensees are responsible for determining eligibility and for registering Eligible Installations which are MCS-Certified. A valid MCS Certificate is proof that an installation is MCS-Certified. The MCS Certificate and MCS Certificate Number can be verified using the MCS Database.

3.14. However an MCS certificate does not automatically mean that the installation is eligible for FITs, as the installation will still need to meet the basic criteria set out above (paragraphs 3.1 -3.5). Even if the installation is the right technology type, it may have been commissioned before 15 July 2009 and therefore be ineligible to apply directly for FITs. (Installations which fall into this category, but have applied to be accredited under the RO on or before 31 March 2010, will be eligible to transfer from the RO to FITs once their RO accreditation has been confirmed - please see paragraphs 3.21 below but note that Generators who missed the deadline on 31 March 2010 will remain ineligible for FITs).

3.15. The criteria for eligibility are summarised above. Once a FIT Licensee has taken the decision that an Installation is eligible and that it will accept the Installation (see paragraphs 2.7 - 2.10), it registers the Installation on the Central FIT Register.

3.16. FIT Licensees are required to obtain initial Generation Meter Reading and, if applicable, an Export Meter Reading for the registration process. If an Export Meter is installed at a later date, then the FIT Licensee should instruct the FITs Generator to take an Export Meter Reading on the day the Export Meter is commissioned. The FIT Licensee is required to update the Central FIT Register accordingly. Where Half Hourly meters are used we expect FIT Licensees to put in place arrangements which would allow the FIT Licensee to capture and record the amount of electricity being exported in place of having an initial start meter read.

## **ROO-FIT Accreditation**

3.17. For those technologies which are required to be ROO-FIT Accredited, Ofgem will determine eligibility and award accreditation. Successful applicants will be awarded a ROO-FIT Accreditation Number which FIT Licensees can use to register the Installation in the Central FITs Register. FIT Licensees will be able to verify a ROO-FITs Accreditation Number on the Central FIT Register.

3.18. Installations Commissioned on or after the 1 April 2010 will be required to be ROO-FIT accredited if they are over 50kW. AD Installations 50kW and below will also need to be ROO-FIT Accredited.

3.19. Installations will also need to be ROO-FIT accredited if they:

- were Commissioned on and after 15 July 2009,
- have not applied for RO Accreditation before 1 April 2010, and
- are over 50kW or AD.

These Installations should be accepted by the FIT Licensee as an Eligible Installation if the ROO-FIT Accreditation Number is verified as above.

3.20. Initial Generation Meter Readings for ROO-FITs Installation will be captured as part of the ROO-FITs Accreditation process. However initial Export Meter Reading will only be captured if an Export Meter has been installed. If an Export Meter is subsequently installed after the Installation has been ROO-FIT accredited, then the FIT Licensee will be required to update the Central FIT Register accordingly. FIT Licensees should instruct FITs Generators to take an Export Meter Reading on the day the Export Meter is commissioned. Where Half Hourly meters are used we expect FIT Licensees to put in place arrangements which would allow the FIT Licensee to capture and record the amount of electricity being exported in place of having an initial start meter read.

## **Registering Existing Installations accredited under the Renewables Obligation (RO)**

3.21. All installations which are eligible to migrate from the RO to FITs will need to fulfil the basic eligibility criteria detailed above (paragraphs 3.1 -3.5). This eligibility check will be undertaken by the Renewables Team at Ofgem, who have written to all the Generators this applies to, either directly or through their RO agent.

3.22. Eligible Generators with a Declared Net Capacity of 50kW and under who have successfully been accredited under the RO have been given the opportunity to join

FITs. Eligible Generators with a Declared Net Capacity of above 50kW and below 5MW, who gained RO accreditation between 15 July 2009 and 31 March 2010, have been given a choice to remain in the RO or migrate to FITs.

3.23. In Ofgem's letter to Generators, we have requested that Generators wishing to migrate from the RO to FITs, notify Ofgem of their decision to join FITs, provide additional information detailed in the letter and nominate a FIT Licensee. Once the migration has taken place and the Eligible Installation has been successfully registered on the Central FIT Register, a confirmation email will be sent to the nominated FIT Licensee. The FIT Licensee should then treat this confirmation note as it would if the Eligible Installation was a ROO-FIT Accredited registration.

3.24. Eligible Generators with a Declared Net Capacity of 50kW and under, which were commissioned before the 15 July 2009, are required to notify Ofgem of their intention to migrate and their nominated FIT Licensee by **1 October 2010**. These Installations will receive the standard Tariff Rate of 9p/kWh.

3.25. There may be instances where Generators had applied for RO accreditation on or before 31 March 2010, but their Installation was a MCS-Certified Installation commissioned on or after 15 July 2009. Ofgem would advise that if a valid MCS certificate is obtained that FIT Licensees can use the MCS-Certified Registration route to register the Eligible Installation onto the Central FIT Register. In parallel the FIT Licensee should notify the Central FIT Register Manager ([fitregister@ofgem.gov.uk](mailto:fitregister@ofgem.gov.uk)). Once the FIT Licensee has received the confirmation email from the Central FIT Register of a successful registration, it should instruct the Generator to cancel their RO application. However please ensure that a valid MCS certificate has been obtained and successful FIT registration has taken place as once cancelled, a RO application cannot be reactivated.

3.26. Existing Eligible Generators with a Declared Net Capacity of above 50kW and below 5MW were able to join FITs from 1 April 2010 if they notified Ofgem of their decision to migrate before this date. However if notification was made on or after the 1 April 2010 (and before the deadline of **1 October 2010**) then the migration will occur from 1 April 2011. All migrating Generators with a Declared Net Capacity of above 50kW and below 5MW will receive the FITs Tariff Rate applicable to the Generation type, but have a reduced eligibility period (shortened by 6 months for those joining in April 2010 and by 18 months for those joining in April 2011). As noted in paragraph 3.21 above, Ofgem will facilitate the migration of these Generators from the RO onto the Central FIT Register. Once completed a confirmation email will be sent to the nominated FIT Licensee, who should treat this confirmation note as it would if the Eligible Installation was a ROO-FIT Accredited registration.

## Existing Installations not accredited under the RO

3.27. For Installations with a Declared Net Capacity of 50kW and under and which are PV, Wind or Hydro, only those commissioned on and after the 15 July 2009 will be eligible to join FITs directly. Those that were commissioned before this date will only be able to join FITs if they were accredited under the RO having made an application on or before 31 March 2010. Those installations and Generators who missed the deadline on 31 March 2010 will remain ineligible for FITs. Installations commissioned on and after the 15 July 2009 will receive the full FITs Tariff Rate applicable to the technology type and band once registered under the FITs.

3.28. Installations with a Declared Net Capacity above 50kW but below 5 MW, or which are AD, and have not applied for accreditation under the RO before 15 July 2009 are eligible to apply for FITs through the ROO-FIT process. These include installations commissioned before 15 July 2009.

## Determining a "Site"

3.29. Ofgem will interpret a "Site" with reference to the relevant Metering Point Administration Number (MPAN), Installation location address (including postcode) and/or Installation location OS grid reference. This is relevant for considering whether there are already other installations of the same technology type on the same Site which would affect eligibility and/or Tariff Codes and Rates.

3.30. A domestic or non domestic postal address, at which an Installation or several installations is located, should normally be viewed as a single Site for the purpose of the FIT Scheme. In areas where no postal address exist for a particular Installation location, the OS grid reference will be taken from the position of the Import and Export Meters, and the area served by the Meters will normally be viewed as a single Site for the purposes of the FIT.

3.31. Where an Eligible Installation is installed on a site where the FIT Generator is not receiving a supply of electricity (for instance if the site itself is receiving a supply but the FIT Generator is not the electricity supply customer), then the Generator may seek FIT registration and Payments from any FIT Licensee.

3.32. Ofgem may issue further guidance on determining a "Site" in light of experience operating FITs.

## Off Grid Sites

3.33. Installations located Off Grid will be eligible for the FITs if they meet the requirements of either MCS-Certified Registration or ROO-FIT Accreditation. Once an Eligible Installation has been registered onto the Central FIT Register it should be treated as any other Eligible Installation. As depicted in Table 1 in the previous chapter, all Mandatory Licensees are obligated to offer FITs to Generators with

Eligible Installations on Off Grid sites. There is no restriction on Voluntary FIT Licensees also offering FITs to Generators with Eligible Installations on off grid sites.

3.34. Generators with Off Grid Sites are required to sign the following declaration:

*"I hereby declare that it is my intention to use any and all electricity generated by my FITs Installation and that I fully understand that any electricity generated but not so used will not be eligible for FITs payments."*

This should form part of the agreed Statement of FITs Terms.

## **How to treat different electricity generating Installations on one Site**

3.35. Multiple Installations of the same technology type on a Site (e.g. 3 wind turbines on the same Site, or 2 hydro generation stations on the same Site) will be viewed as one Combined Installation regardless of whether any particular part of the Installation is an Eligible Installation within FITs or is outside FITs, or if they have different owners. The maximum Declared Net Capacity on any particular site, for any particular technology is 5MW, or 2kW for CHP. The Combined Installation capacity will need to be considered when determining Tariff Codes and Rates.

## **Grants**

3.36. As a general rule any installation which has received a grant from, or on behalf of, a public authority will not be eligible for the FIT until such grants have been paid back. This will cover most grants awarded by and on behalf of both central and local government departments and agencies.

3.37. There are exceptions to this rule. Grants which were awarded before 1 April 2010 in respect to Eligible Installations Commissioned before 15 July 2009 are permitted, as are grants made to Domestic Installations before 1 April 2010 in respect to Eligible Installations Commissioned between 15 July 2009 and 31 March 2010.

3.38. Ofgem is also able to provide exemptions if we are satisfied that the making FIT Payments to that installation would be in accordance with the law relating to State Aid. We are looking to publish further guidance once clarification from the Department of Energy and Climate Change and the European Commission has been received.

3.39. FIT Licensees will be required to obtain a declaration from the FIT Generator/Applicant that they have not received a grant which would make them ineligible for FITs, or if they have received such a grant, that it has been repaid in

full to the appropriate body. This should form part of the agreed Statement of FIT Terms.

## **Registration of Eligible Installations**

3.40. Once the FIT Licensee is satisfied that the FITs Applicant meets the requirements for eligibility, the FIT Licensees will be required to collect and verify the data outlined in Appendix 1 of this document. Once this data has been collected, the FIT Licensee is required to create a new entry for the FIT Applicant on the Central FIT Register.

3.41. FIT Licensees are required to register all Eligible Installations by entering the required details of an Eligible Installation onto the Central FIT Register administered by Ofgem. An Eligible Installation will not be classed as registered and therefore not be eligible for Generation or Export Payments until the Licensee has received confirmation from Ofgem that the Generator is entered onto the Central FIT Register. The date this occurs is known as the Confirmation Date. The FIT Licensee will receive a Confirmation Notification in the form of an email providing details of the approved registration listing and key information about the Eligible Installation such as the Unique FITs ID, Tariff Code applicable, Eligibility Date and Confirmation Date. There will also be an on screen confirmation that the installation has been registered.

3.42. In the case of a FIT Applicant making an application for a new Eligible Installation, the FIT Licensee is required to first ensure that the Installation meets the requirements for eligibility (see paragraphs 3.1 -3.5 above). Where an application is made with regards an Extension to an Eligible Installation already registered, please see Chapter 5.

3.43. All Generators have to make an initial choice as to whether to receive the guaranteed FIT Export Payment or to sell exported electricity on the open market. The FIT Licensee is required to explain this choice to Generators, record their decision and enter the decision made onto the Central FIT Register as part of the registration process. In circumstances where a Generator does not have the ability to export onto the National Grid they will not be required to make a choice at registration and can defer such a decision until they have the necessary connection, equipment and or metering in place.

3.44. Once an Installation is registered to a FIT Licensee on the Central FIT Register, the last element needed before the FIT Payments can begin is for a Statement of FIT Terms to be agreed by the FIT Licensee and the FIT Generator.

## **Central FIT Register and Data Protection**

3.45. The Authority is required to establish and maintain a Central FIT Register. The data to be placed on the Central FIT Register will include data on FIT Generators and Eligible Installations. The Central FIT Register will be used

primarily by FIT Licensees and Ofgem for the administration of FITs. In addition, Ofgem has a statutory obligation to publish certain statistical information from the Central FIT Register.

3.46. The Central FIT Register will be maintained by Ofgem in accordance with the Data Protection Principles under the Data Protection Act 1998. We will issue FIT Licensees and any other parties who will have access to the register with terms and conditions of use of the register. These will enshrine the principles of confidentiality which are to be upheld by all parties at all times, prescribe limits on the purposes for what data provided by any party to Ofgem can be used for and detail the obligations of participating parties as to accuracy of data submitted, updating entries, correcting errors and combating fraud.

### **FIT Licensee Responsibilities when registering new Eligible Installations**

3.47. When registering an Eligible Installation, a FIT Licensee is required to take responsibility for ensuring:

- i) that the identity of FIT Generators and Nominated Recipients, of an eligible installation are verified. FIT Licensees are required to undertake an identification check to ensure that the person or company stated as the owner of the eligible installation is genuine and is permitted to receive payments under the FITs. FIT Licensee should require Domestic Installation owners to provide proof of address and personal identification, Non-Domestic Installation owners to provide details of their company registration and not for profit organisations having to provide proof of identity and address of the organisation. Please note that the owner of the generating equipment may be different from the owner, leaseholder or tenant of the property or site at which the generating equipment is located.
- ii) that a FIT Applicant is the owner of the Eligible Installation and that the ownership of the Eligible Installation is verified and documented. FIT Licensees are required to obtain documented evidence that shows the relationship between the owner and the Eligible Installation. Where the owner of an Eligible Installation is not stated in the ROO-FIT Accreditation Letter (for example if ownership has changed hands) or for MCS-Certified Installations, the FIT Licensee should obtain a receipt or other documentation stating ownership, or the transfer of ownership from the previously stated owner. One such example may be a copy of the sale and purchase agreement transferring ownership from one party to another, as part of a property sale. Further advice may be sought from the Central FIT Register and Fraud Prevention Manager (fitregister@ofgem.gov.uk)
- iii) that any assignment rights of a Nominated Recipient are documented fully before placing such details onto the Central FIT Register. Only a FIT Generator can assign rights to FIT Payments, and any assignment must take

the form of a declaration which should be held by the FIT Licensee as documented proof that rights have been assigned.

- iv) that the Installation in question is eligible for FITs with respect to the Installation technology, size, accreditation and commissioning date. FIT Licensees are required to put in place a registration process which takes due account of the eligibility criteria as set out in the SLCs, FITs Order 2010 and this Guidance Document and is required to verify the information submitted by an applicant using the facilities provided by MCS and Ofgem to verify MCS Certificates or ROO-FIT Accreditation Letters. Declarations stating that the information submitted on behalf of the applicant is true and correct should also be included in the Statement of FIT Terms.
- v) Before registering a FIT Applicant, the FIT Licensee should cross reference the details given by the applicant with the MCS database and the ROO-FIT Accreditation system. While both systems should provide a reliable set of data for each installation eligible for FITs, FIT Licensees are required to verify that the certification or accreditation details given by an applicant (normally an MCS certificate Number or Ofgem ROO-FITs Number) is valid and relates to that Installation.

3.48. It is a requirement that any documentation or record referred to in paragraph 3.47 be kept by the FIT Licensee for a period of 5 years and be made accessible in that time for auditing by Ofgem and any organisation appointed by Ofgem. Electronic records are permitted for the purpose of complying with this requirement.

## **Suspension and removal from the Central FIT Register**

3.49. FIT Generators and Eligible Installations may be suspended from the Central FIT Register if a change is made to an Installation which makes it ineligible, if fraud or abuse of FITs is suspected, if a Statement of FIT Terms is in breach, or if Ofgem have good reason to believe that a FIT Payment should not have been made. An Eligible Installation will encompass all accredited FIT Installations of that technology type on that site.

3.50. FIT Licensees shall not make any FIT Payments to a FIT Generator or Nominated Recipient, regarding a relevant Eligible Installation, if Ofgem informs the FIT Licensee that a FIT Generator or Eligible Installation has been suspended or removed from the Central FIT Register. If only an Eligible Installation is suspended, this should not affect FIT Payments due to a FIT Generator or Nominated Recipient for other Eligible Installations. If Ofgem suspends or removes a FIT Generator or Eligible Installations from the Central FIT Register then it will write to the FIT Licensee and FIT Generator and explain what actions are being taken and why. If the suspension is lifted then Ofgem will again write to the FIT Licensee and FIT Generator confirming that the suspension has been lifted.



3.51. FIT Licensees are required to promptly inform Ofgem's Central FIT Register and Fraud Prevention Manager when it has reason to believe an error has occurred in relation to a FITs Generator or FIT Installation's eligibility, or that there is the possibility of fraud or abuse of the FITs. Where possible this should be done before the next FIT Payment is due. FIT Licensees should seek to remedy any error before the next FIT Payment is due. If appropriate Ofgem may suspend the relevant entry on the Central FIT Register until the error has been amended or any investigation into suspected fraud or abuse has been concluded.

3.52. When fraud or scheme abuse is suspected then FIT Licensees should discuss with Ofgem's Central FIT Register and Fraud Prevention Manager any actions the FIT Licensee intends to take.

## **Statement of FIT Terms**

3.53. In accordance with the provisions of the SLCs, FIT Licensees are required to take all reasonable steps to agree a Statement of FIT Terms to a FIT Generator of a registered FIT Installation within ten working days of the Confirmation Date.

3.54. In fulfilling this obligation, Ofgem would expect the FIT Licensee to have agreed a provisional Statement of FIT Terms with the FIT Generator before registration has been completed, having explained key elements, including obligations on the Generator with regards to agreeing declarations, providing information and deciding payment terms. Following receiving Confirmation Notification from Ofgem that the Generator and Installation are registered on the Central FIT Register, the FIT Licensee should not delay in informing the FITs Generator of receipt of Ofgem's Confirmation Notification and agreeing the Statement of FIT Terms in writing. If a FIT Generator and FIT Licensee cannot agree a Statement of FIT Terms then the FIT Licensee should not begin FIT Payments.

3.55. In certain circumstances the FIT Licensee and FIT Generator may wish to extend this period given the complexity of seeking agreement or because of unforeseen events. There are no restrictions on extending this period if both parties agree.

3.56. The Statement of FIT Terms is required to;

- i) be in writing
- ii) include the Principal FIT Terms (as detailed in Schedule A to standard condition 33 of the electricity supply licence - Section B, Heading 6 "Statement of FIT Terms" and reproduced in Appendix 2)
- iii) take due account of this guidance document.

3.57. In addition the Statement of FIT Terms must include the following terms:

- i) A term which states that the information provided by the FIT Generator or Nominated Recipient can be used for the purpose of administering, reporting and auditing FITs by the FIT Licensee and Ofgem.
- ii) A term specifically for FIT Generators with Eligible Installations installed Off Grid, which requires them to make the following declaration: "I hereby declare that it is my intention to use any and all electricity generated by my FIT Installation and that I fully understand that any electricity generated but not so used will not be eligible for FIT payments."
- iii) A term which requires FIT Generators to notify the FIT Licensee of any Installations, including any Extensions, which may affect the eligibility and capacity calculation of an Eligible Installation.
- iv) A term requiring the FIT Generator or Nominated Recipient to make a declaration that the information they provide is complete and accurate.
- v) A term requiring Generation and Export Meters to be located, were reasonable, in an accessible location, and for access to be made available to the FIT Licensee or its contractor for Generation and Export Meter Readings.
- vi) A term requiring a declaration to be made by the Generator to confirm that they are not in receipt of any grants which may make their installation ineligible for FITs.

### **Failure to agree a Statement of FIT Terms**

3.58. In order to minimise the potential of Statement of FIT Terms being rejected by the FIT Generator after FITs registration has taken place, FIT Licensees are strongly encouraged take note of the guidance provided above and look to provisionally agree the Statement of Terms before the FITs registration process takes place.

3.59. FIT Licensees should also look to accommodate the particular circumstances of a Generator if it believes it to be reasonable to do so.

3.60. If a FIT Applicant and a FIT Licensee cannot agree the Statement of FIT Terms with ten working days then the FIT Licensee may decide to discontinue the FITs registration process. The discontinuation of the registration process should be notified to the Central FIT Register Manager at [fitregister@ofgem.gov.uk](mailto:fitregister@ofgem.gov.uk).

3.61. If the application is discontinued, the FIT Licensee is required to notify Ofgem. On discontinuing the registration process the FIT Licensee is required to notify the applicant in writing, explaining the reason why the application is being discontinued

and explain how the applicant can make a complaint against the decision to discontinue the registration. The first stage of any such complaint appeal should be dealt by the FIT Licensee. The FIT Applicant should be advised that if they believe the FIT Licensee to be in breach of their obligations under the SLC then they can make a formal complaint in writing to Ofgem's FIT Compliance Manager at [fitcompliance@ofgem.gov.uk](mailto:fitcompliance@ofgem.gov.uk) or 9 Milbank, London, SW1P 3GE.

3.62. The discontinuation of the application will not affect the Eligible Installation FIT accreditation and the relevant entry of the Central FIT Register should be updated only to reflect that the FIT Licensee is no longer acting in that role for the Eligible Installation. The FIT Licensee is required to update the Central FIT Register as soon as is reasonably practical. Once the Central FIT Register has been updated, the FIT Generator will be able to approach an alternative FIT Licensee for the provision of FIT Services. The Eligibility Date for this Installation will remain the same and FIT Payments may be accrued from it.

## **Breaching the Statement of FIT Terms**

3.63. If a FIT Licensee believes a FIT Generator is in breach of the agreed Statement of FIT Terms it should first look to remedy the situation with the FIT Generator directly. However if the breach continues and a resolution cannot be found, the FIT Licensee should contact the Central FIT Register and Fraud Prevention Manager ([fitregister@ofgem.gov.uk](mailto:fitregister@ofgem.gov.uk)) and request that the appropriate entry be suspended on the Central FIT Register due to the fact that a breach of the Statement of FIT Terms has occurred and FIT payments should be suspended. Details of how such a suspension would operate can be found above (paragraphs 3.49 – 3.52).

## **Switching between FIT Licensees**

3.64. All FIT Licensees have a duty to facilitate the switching of a FIT Generator from one FIT Licensee to another and ensure the FIT Services are appropriately managed during this process.

3.65. DECC, Ofgem and industry stakeholders are currently working on the framework for such a process and further guidance will be published in due course.

3.66. The new FIT Licensee shall be obliged to pay all FIT Payments from the Switching Date. The new FIT Licensee shall have the responsibility for amending the FITs Central Register to reflect the fact that the switching process is completed.

3.67. The new FIT Licensee shall follow the same process regarding agreeing a Statement as highlighted in Sections 3.47 – 3.53.

3.68. The old FIT Licensee shall be obliged to pay all FITs Payments due up to the Switching Date.



## 4. FIT Payments

### Chapter Summary

This chapter provides guidance on making and calculating FIT Payments

### General Principles

4.1. FIT Payments can be broken down into two main components

4.2. FIT Generation Payment - A fixed payment by the FIT Licensee to the FIT Generator or Nominated Recipient for every kWh generated by the Eligible Installation.

4.3. FIT Export Payment - A payment by the FIT Licensee to the FIT Generator or Nominated Recipient for every kWh exported to the National Grid. If a FIT Generator wishes to receive or assign payment for their exported electricity, they must choose either to sell exported electricity to the FIT Licensee at a guaranteed FIT Export Tariff Rate or negotiate a price for the exported electricity on the open market. The FIT Export Tariff Rate is set by the Secretary of State annually, and for FIT Year 1 is set at 3p/kWh. Those Generators and Nominated Recipients receiving deemed FIT Export Payments in FIT Year 1 will be paid at the fixed 3p/kWh rate, referred to above, if they have the capability to export electricity to the National Grid.

4.4. FIT Payments are normally due for the entirety of the Eligibility Period unless:

- i) the payments are suspended or withheld on instruction by Ofgem
- ii) the FIT Generator is suspended from the Central FIT Register
- iii) the Eligible Installation is suspended or removed from the Central FIT Register (See paragraphs 3.49 - 3.52 above).

4.5. FIT Payments must be made at the rates set out under the SLCs and as subsequently updated and published by Ofgem. If a FIT Licensee wishes to make additional payments to Generators as a commercial matter outside of the statutory FIT Scheme, any such payments should be identified separately in any communication with Generators (e.g. itemised separately within their Bill) and any such payments must not be included within the FIT Licensee's Levelisation notifications to Ofgem.

## **Nominated Recipients**

4.6. FIT Generators are able to assign FIT Payments to a Nominated Recipient who will be eligible to receive FIT Payments in respect of an Accredited FIT Installation owned by that FIT Generator.

4.7. Such an assignment must be documented and notified to the relevant FIT Licensee by the FIT Generator. The FIT Generator must also provide all relevant details (such as name, address, bank details) required for payments to be made. After making the required verification checks on the identity of the Nominated Recipient (similar to those checks made by a FIT Licensee to verify the identity of a FIT Generator), the FIT Licensee will record the assignment on the Central FIT Register.

4.8. Only the FIT Generator will be able to instruct the FIT Licensee as to whether the assignment has changed and whether the relevant entry on the Central FIT Register needs updating. The Nominated Recipient cannot instruct the FIT Licensee to make any changes to the FITs Generator's details or the FITs Installation's details on the FIT Licensees systems or the FITs Central Registry.

4.9. The Nominated Recipient should notify the FIT Licensee of any suspected fraudulent activity regarding the FITs Generator or the FIT Licensee.

4.10. The Nominated Recipient is permitted to provide Generation and Export Meter Readings of the relevant Eligible Installation to the FIT Licensee.

## **Generation Payment**

4.11. In order to receive FIT Generation Payments, an Eligible Installation must have a Generation Meter which is compliant with the metering standards set out in the FITs Order 2010. FIT Licensees are obliged to pay FIT Generators, or Nominated Recipients, for every kWh of electricity generated by the Eligible Installation, at the appropriate Tariff Rate.

## **Calculation of Generation Payment (single installation)**

4.12. The FIT Licensee should use Generation Meter Readings, given by the Generator or Nominated Recipient, to determine the quantity of electricity that has been generated in the relevant period.

4.13. The FIT Licensee will calculate how much Generation Payment is due to the FIT Generator or Nominated Recipient by reference to the details contained in the Central FIT Register including relevant Tariff Code, and from Generation Meter Readings obtained from the FITs Generator or Nominated Recipient.

4.14. The Tariff Code can be used to look up the Tariff Rate assigned to an Installation (which includes any inflation adjustment) and is determined by the date of Commissioning, Date of Confirmation, type of technology and capacity of installation.

4.15. The FIT Licensee should then make FIT Generation Payment to the party identified on the Central FIT Register as being the payee. This could either be the FIT Generator or the Nominated Recipient.

4.16. For guidance on how to deal with Sites with multiple Installations please see Chapter 5 on Extensions and Relevant Payment Calculations.

## **FIT Export Payment**

4.17. In order to receive FIT Export Payments, all Eligible Installations over 30kW must have an Export Meter and the FITs Generator must have elected to receive Export Payments for FIT Export, rather than to sell the export electricity on the open market.

4.18. For Eligible Installations which have a Total Installed Capacity of 30kW or below, they must utilise an Export Meter if one is commissioned and registered under the Balancing and Settlement Codes (BSC). For those where an Export Meter is not available or is not registered under the BSC then deeming may be used in relation to their FIT Export Payment (see paragraphs 4.25 below).

4.19. This document provides guidance on complying with section C of the SLCs and the FITs Order. It is for responsibility of each Generator and Licensed Electricity Supplier to ensure they are in compliance with the relevant codes, regulations and legislations governing connection to the grid and export metering.

4.20. FIT Generators must make a choice of whether to receive FIT Export Payments or opt out during the registration process. They will be unable to change that selection until at least the first anniversary of the Confirmation Date. After that first anniversary FIT Generators shall be permitted to change their selection but no more than once every 12 months.

4.21. FIT Export Payments should not be made to FIT Generators or the Nominated Recipient when the FIT Generator has decided to opt out of receiving FITs Export Payments in favour of negotiating a price for export electricity on the open market.

4.22. FIT Licensees are required, as part of the registration process, to confirm whether the FIT Generator wishes to opt in or out of receiving FIT Export Payments for the Eligible Installation and amend as necessary the relevant entry on the Central FIT Register. The Central FIT Register will keep a record of this choice and when it was entered. In circumstances where a Generator does not have the ability to export onto the National Grid they will not be required to make a choice at

registration and can defer such a decision until they have the necessary connection, equipment and or metering in place.

## Calculating Export Payment

4.23. With reference to the set FIT Export Tariff Rate, the FIT Licensee will be responsible for calculating how much FIT Export Payment is due to the FIT Generator or Nominated Recipient.

4.24. Export Meters which serve more than one Installation or technology are permitted, as long as only Installations which are eligible to receive Export Payments are connected to the Meter.

## Deemed Export Payment

4.25. For those Eligible Installations where export is permitted to be deemed for the purposes of FITs, the Secretary of State determines the percentage of electricity deemed to be exported. Such a determination will be published at least 1 month before the beginning of each FIT Year, with the exception of FIT Year 1 where the determination is that:

- i) 50% of the Generation Meter Reading should be used as the amount of deemed export for Installations using PV, Wind and AD; and
- ii) 75% of the Generation Meter Reading should be used as the amount figure of deemed export for Installations using Hydro.

4.26. If at a later date an Export Meter is commissioned and registered under the BSC, then the exported electricity from the Eligible Installation will no longer be able to be deemed. FIT Licensees should update the Central FIT Register accordingly and the Eligible Installation should be switched to a standard FIT Export status. As explained in paragraph 3.43 in the previous Chapter, FIT Generators must choose at the registration stage whether to receive the guaranteed FIT Export Payment or to sell exported electricity on the open market and the FIT Licensee is required enter the decision made onto the Central FIT Register. While the FIT Generator is required to wait at least 12 months following this decision to change their selection, they are able to, and indeed required to, change their entry on the Central FIT Register from having a Deemed FIT Export status to a standard FIT Export status (indicating that a registered meter being in used). This status will continue and cannot be changed for the remainder of the 12 months since the original status of Deemed FIT Export was selected.

## Commencing Payments

4.27. FIT Licensees are not obliged to make FIT Payments to a FIT Generator or Nominated Recipient until:



- i) they are first satisfied that the information given by the FIT Generator or third party is accurate and the Installation meets the necessary FITs requirements; and
- ii) the Installation has the necessary Meters in place (See Chapter 7);
- iii) the FIT Generator and the Installation has the necessary entry on the Central FITs Register in accordance with the process and criteria set out in Chapter 3 and a Confirmation Notification has been received from Ofgem; and
- iv) a Statement of FIT Terms has been agreed between the FIT Licensee and the FIT Generator.

4.28. Payments are accrued by a FIT Generator or Nominated Recipient from the Eligibility Date. See Chapter 6 for further details on how this Eligibility Date is calculated.

## **Accrued Payments**

4.29. Those Generators with Installations which have been transferred to the FITs from the RO may accrue payments from their Eligibility Date. The Eligibility Date for such Installation is 1 April 2010, if they opt into the FITs year 2010/11.

## **Reducing, recouping and withholding FIT Payments**

4.30. FIT Payments may be reduced, recouped or withheld by the FIT Licensee if an error has been made, if fraud or abuse of FITs is suspected, or if Ofgem notify the relevant FIT Licensee that it has good reason to believe that a FIT Payment should not have been made.

4.31. All FIT Licensees have an obligation to take all reasonable steps to ensure any FIT Payment it has made reflects only that which the FIT Generator or Nominated Recipient is entitled to.

4.32. If a FIT Licensee believes that in making a payment to a FIT Generator or Nominated Recipient, that it would contravene their obligation to ensure that any FIT Payment which it makes reflects only that which the FITs Generator or Nominated Recipient is entitled to, then it is required to notify Ofgem's Central FIT Register and Fraud Prevention Manager immediately. If Ofgem determine that a payment could result in the improper administration of FITs then it may suspend the relevant Eligible Installation(s) from the Central FIT Register (see paragraphs 3.49 - 3.52 above).

4.33. If instructed to withhold payments, the FIT Licensee shall continue to do so until such a time as notified by Ofgem that the suspension has been rescinded, or if instructed by Ofgem to recover or make a reduced FIT Payment.

4.34. Ofgem will only instruct FIT Licensees to recover payments if they were the relevant FIT Licensee when the overpayment was made.

## 5. Extensions and Relevant Payment Calculations

### Chapter Summary

This chapter provides guidance on how to assess generation sites with multiple installations.

### Extension

5.1. An "Extension" is an adaption to an accredited FITs Installation which increases its capacity using the same technology type.

### Calculation of Generation Payment when an Extension occurs

5.2. If the combined overall Declared Net Capacity of a technology on a Site exceeds the upper limit placed on Eligible FIT installations (5MW Declared Net Capacity for all technologies except for CHP, where the maximum limit is 2kW) then the total installation (original installation plus extension) shall become ineligible for FIT Payments. The installation may then be eligible for other schemes, such as the RO. Where this occurs, the FIT Licensee is required to notify Ofgem, who will remove the installation from the Central FIT Register.

5.3. FIT Licensees will be able to check overall capacity details for Sites with Accredited FIT Installations on the Central FIT Register.

5.4. Multiple Installations of the same technology type Commissioned at the same time on the same Site, will be regarded as one Installation. The Installation, with a combined total installed capacity, will have one tariff rate and the Generator may use the same Generation Meter to record the quantity of electricity generated.

5.5. A subsequent Extension will be classed as being part of the Original Installation if commissioned within 12 months of the original installation's Confirmation Date (or commissioning date for those installations installed prior to 1 April 2010). The combined Installation will then be treated as having a new total Declared Net Capacity, and if applicable, new Tariff Code and Tariff Rate.

5.6. If the subsequent extension is Commissioned more than 12 months after the original installation's Completion Date (or Commissioning date for those installations installed prior to 1 April 2010), the extension will be treated as a separate Installation within the Eligible Installation, except when determining Declared Net Capacity, whereby the entire capacity of all Commissioned Installations of the same technology type on that Site is taken into account. In this case the original installation will retain its Tariff Code and Eligibility Period, but the subsequent extension will be given a separate Tariff Code and have a different

Eligibility Period. However they will share the same entry and Unique FITs ID on the Central FITs Register as they will be one combined Eligible Installation.

5.7. This means that different Eligibility Periods may apply to different Installation Components of an Eligible Installation if the Components were commissioned on different dates.

5.8. For separate Installations using the same Generation and Export Meters, a pro rata calculation will be used to determine how much electricity generation and export is assigned to each part of the Eligible Installation. The Central FIT Register will contain details of how generation payments should be split for multiple installations using one generation meter.

### **Additional capacity added to non FIT installations**

5.9. Where a Generator wishes to add additional capacity on a Site, where the existing Installation is outside of the FITs, FIT Licensees should treat the extension as a new application to the FITs in accordance with the guidance in Chapter 3, except when determining the Installation capacity, whereby the entire capacity of all Commissioned Installations of the same technology type on that Site is taken into account. Again the maximum Declared Net Capacity of the combined installation is 5MW, or 2kW for CHP.

## 6. Eligibility Date and Eligibility Period

### Chapter Summary

This chapter provides information on how to determine Eligibility Dates and Eligibility Periods. The Eligibility Period will be determined by the Central FIT Register based on the details provided by FIT Generators, FIT Licensees and Ofgem.

### Eligibility Date

6.1. The Eligibility Date is the date on which an Installation becomes eligible for the FIT Payments. It is the later of:

- i) receipt by Ofgem of a ROO-FIT accreditation application or receipt by a FIT Licensee of an application for MCS-Certified Accreditation and Registration.
- ii) Commissioning date
- iii) the launch of the FIT Scheme (1 April 2010)

6.1. Receipt by a FIT Licensee of a FIT Applicant's written request, means the receipt by the FIT Licensee of a submission by the FITs Applicant, which includes details of the FITs Applicant's MCS Certification, RO Accreditation or ROO-FIT Accreditation, initial Generation and Export (if applicable) Meter Readings, Installation location address including postcode, as well as the basic information about the FITs Applicant (name, address, contact details). Where Half Hourly meters are used we expect FIT Licensees to put in place arrangements which would allow the FIT Licensee to capture and record the amount of electricity being exported in place of having an initial start meter read.

6.2. In all cases a Generation Meter Reading will be a prerequisite for eligibility for FIT Payments and for registration onto the Central FIT Register. Any Installation which does not have a Generation Meter that meets the required metering legislation may have their application declined until such a time as the necessary metering requirements have been met. The installation of an approved Export Meter is not a prerequisite for FIT Accreditation and registration, but FITs Export Payments can only be made once a compliant Export Meter has been installed and its details (including initial reading and MPAN) have been captured by the Central FIT Register. The exception to this rule is in those cases where deeming is permitted. For Eligible Installations which have a total installed capacity of 30kW or below, they must utilise an Export Meter if one is available. However for Installations where an Export Meter is not available then deeming may be used in relation to FIT Export Payments.

6.3. With regards to the Eligibility Date for FIT Applicants with RO or ROO-FIT Accreditation, this will be determined by Ofgem and be stated both on the Central FIT Register and in the RO migration or ROO-FIT Accreditation Letter.

## Eligibility Period

6.4. The Eligibility Period means the period during which a FIT Generator or Nominated Recipient can receive FIT Payments for a particular Installation. The Eligibility Period begins on the Eligibility Date and differs in length depending on when an Installation was Commissioned and the technology type installed. It will be determined by Ofgem based on the information provided and stored on the Central FIT Register.

6.5. For all new Installations Commissioned from 1 April 2010, and for Installations with a Declared Net Capacity of 50kw or below, commissioned between 15 July 2009 and 1 April 2010, the Eligibility Period should commence on the Eligibility Date and expire after:

- i) 25 years, for PV;
- ii) 20 years, for Wind, Hydro and AD; or
- iii) 10 years, for domestic fossil fuel Micro-CHP.

6.6. The Eligibility Period for Installations with a Declared Net Capacity of 50kw or below Commissioned before 15 July 2009 and transferring from the RO will expire on 31 March 2027.

6.7. For Installations with a Declared Net Capacity of above 50kW and below 5MW commissioned between the 15 July 2009 and 1 April 2010 the Eligibility Period shall expire on 1 October 2034 for PV and 1 October 2029 for Wind, Hydro and AD.

6.8. The end of the Eligibility Period will be calculated by the Central FIT Register and will be able to be viewed by FIT Licensees for Installations registered to them.

## 7. Audit, Assurance and Enforcement

### Chapter Summary

In order that FITs delivers value for money and does not provide opportunities for fraud or other abuse, there needs to be a system of audit, assurance and enforcement in place. This chapter sets out what measures we expect FIT Licensees to put in place to minimise the opportunity and instances of fraud and other abuse in FITs.

### General Principles

7.1. Ofgem takes a risk-based approach to audit and assurance in FITs, where the procedures used are proportionate to the potential material impact of fraud and misinformation. This will avoid creating undue burdens on both Generators receiving FIT Payments and FIT Licensees who pay them.

7.2. The responsibility for audit and assurance within FITs will be shared between Ofgem, FIT Licensees and the MCS in accordance with the roles each party plays in administering FITs.

7.3. The FITs Order 2010 and the SLCs indicate that FIT Licensees are required to take all reasonable steps to ensure any FIT Payments made to a FIT Generator or Nominated Recipient reflect only that to which that FIT Generator or Nominated Recipient is entitled. In addition, the FIT Licensees may reduce, recoup or withhold FIT Payments from a FIT Generator or Nominated Recipient in certain circumstances.

7.4. FIT Licensees should pay particular attention to guidance provided in Chapter 3 and Chapter 4 on the Suspension from the Central FIT Register and of withholding Payments (paragraphs 3.49 - 3.52 and paragraphs 4.30 - 4.34).

### The role of FIT Licensees for existing FIT Installations

7.5. Once an Eligible Installation has been entered onto the Central FIT Register, FIT Licensees have a responsibility to update the entry to reflect any changes to that Eligible Installation as soon as reasonably possible after they become aware of a change.

7.6. FIT Licensees have a responsibility to ensure the information they use to update the Central FIT Register is accurate. This is especially true of changes to ownership or the Nominated Recipient. The FIT Licensee is required to obtain documentation clearly stating the transfer of ownership or assignment rights as

they would expect to do if they were registering the Installation (please see paragraphs 3.40 - 3.48 in Chapter 3). FIT Licensee are required to hold copies of such documentation for 5 years and make them available for auditing by Ofgem or any organisation appointed by Ofgem. The identity of the new FIT Generator must also be verified by a FIT Licensee as if they were a FIT Generator with a new Eligible Installation (see paragraph 3.47 in Chapter 3).

7.7. FIT Licensees are required to notify Ofgem, as soon as reasonably possible, if they suspect the information on the Central FIT Register to be inaccurate, whether due to error, fraud or abuse.

## Extending installations

7.8. Once informed that a FIT Generator has extended a FIT Installation, FIT Licensees are required to update the Central FIT Register, check if new Tariff Codes have been issued and calculate the appropriate FIT Payment before the next FIT Payment is due. This will help ensure that the FIT Generator or Nominated Recipient only receives FIT Payments that they are entitled to.

7.9. A Generation Meter Reading should be taken at the time of Commission of the Extension. If no Generation Meter Reading is taken then the last Generation Meter Reading will be used by the FIT Licensee to calculate FIT Generation Payments and any pro rata calculation will be made on the entire period between Generation Meter Readings, and not from when the Extension was commissioned. The lack of correct Generation Meter Readings may mean a FIT Generator or their Nominated Recipient, do not receive the full FIT Payment due to the original Installation(s) if a new Tariff Code and therefore Tariff Rate, is applicable.

7.10. If a FIT Licensee suspects that an error has been made and an Installation has been extended but not reported, then the FIT Licensee should suspend FIT Generation and Export Payments to that Eligible Installation, inform Ofgem of the suspected error and undertake further investigation into the possible error. If no error has been made, or the error has been corrected i.e. the extension has been notified and the Central FIT Register has been updated, then the FIT Licensee should notify Ofgem and resume FITs Generation and Export Payments in accordance with the Installation's entry on the Central FIT Register.

## Meter Requirements

7.11. All meters used in the FIT Scheme must comply with the relevant meter legislation. These include:

- Schedule 7 to the Electricity Act 1989;
- The Meters (Approval of Pattern or Construction and Manner of Installation) Regulations 1998, SI/1565;



- The Meters (Certification) Regulations 1998, SI/1566;
- The Electricity (Approval of Pattern or Construction and Installation and Certification) (Amendment) Regulations 2002, SI/3129;
- The Measuring Instruments (EC Requirements) (Electrical Energy Meters) Regulations 1995, SI/2607;
- The Measuring Instruments (EC Requirements) (Electrical Energy Meters) (Amendment) Regulations 2002, SI/3082;
- The Measuring Instruments (Active Electrical Energy Meters) Regulations 2006, SI/1679;

7.12. Whilst FIT Licensees may not be responsible for the installation of Generation or Export Meters, they are responsible for ensuring that the necessary meters are in place before making FIT Generation and FIT Export Payments. They are responsible for obtaining initial Generation and Export (if applicable) Meter Readings at the time of registration and verifying the accuracy of that initial Generation and Export (if applicable) Meter Readings. In the case of ROO-FIT, FIT Licensees can rely on the initial Generation and Export (if applicable) Meter Reading obtained during the ROO-FIT Accreditation process, when registering an Installation for the first time. If initial Generation and Export (if applicable) Meter Readings are not obtained then the FIT Licensee should not continue with the FIT registration process and the application should be terminated.

7.13. Further to their responsibilities with regard to error, abuse and fraud prevention, FIT Licensees are required to put in place a system to detect abnormal Generation and Export Meter Readings. This should consider the expected levels of generation and export for an Installation given its technology type and incorporating reasonable tolerances. FIT Licensees may also want to take into account the size, location and Site relevant to an Eligible Installation. Generation and Export Meter Readings given by and on behalf of FIT Generators should then be compared to these expectations. If Generation and/or Export Meter Readings are noticeably different from the expected generation and export levels for a particular type of Installation, FIT Licensees are expected to query the Generation and/or Export Meter Reading and undertake increased monitoring of the relevant Installation and consider if there is an error in the information held by the Central FIT Register or given by the FIT Generator, or possible fraud and abuse of FITs. Such auditing can range from desk based investigation to on site visits depending on the nature and size of the abnormal Generation and/or Export Meter Reading and the risk of mistaken payment involved. If error is suspected, the FIT Licensee should suspend FIT Payments to that Eligible Installation, inform Ofgem as soon as reasonably possible of the suspected error and undertake further investigation into the possible error. If no error has been made, or the error has been corrected then the FIT Licensee should notify Ofgem and resume payments in accordance with the Installation's entry on the Central FIT Register.

7.14. FIT Licensees required to take all reasonable steps to verify Generation Meter Readings, and if applicable, Export Meter Readings, at least once every two years.

We would expect that this means Licensees or their agents would read meters, documenting which meters have been read, the reading taken and when. These records should be available for auditing by Ofgem or any organisation working on behalf of Ofgem. If FIT Licensees are able to establish a framework whereby they believe they are able to verify Generation and Export (if applicable) Meter Readings without reading meters every two years themselves, then Ofgem will be happy to discuss such alternatives and advise FIT Licensees if the alternative is robust enough to meet the fraud prevention obligations set out in the SLCs. We do not expect FIT Licensees to read meters if they are prevented from accessing the meter by unreasonable actions taken by the site owner or tenant, or if accessing the meter contravenes recognised health and safety standards.

7.15. However the agreed Statement of Terms should state clearly that the owner is required to locate Generation and Export Meters in an accessible place where possible and to take reasonable steps to allow access to them, and that the possible consequence of not complying with this could be a suspension of FIT Payments.

7.16. Where it has not been possible to read a Generation or Export Meter because access has been denied, the FIT Licensee should issue a warning to the FITs Generator, reminding them of the agreed Statement of FIT Terms and the possibility of FIT Payments being suspended if Generation and Export (if applicable) Meter Readings cannot be verified.

7.17. It will be the FIT Licensee's responsibility to collect accurate Generation and Export (if applicable) Meter Readings. With this in mind, FIT Licensees may wish to consider advising the Generator as to what meters they should have in place. While the responsibility rests with the Generator to ensure the right metering is in place, the FIT Licensee has an obligation to ensure this is the case before making FIT Payments. In most cases it is best that only generation from the same technology type may share a generation meter<sup>1</sup>. However the legislation does not prevent different technologies from using the same generation meter. If this is the case then the lowest tariff will be applied to all generation. If Generation and Export Meters are connected to several Installations within the FITs, then FIT Licensee will be required to calculate what proportion of the electricity generated or exported qualifies for FIT payments. The framework put in place to ensure the right payments are made in cases of this nature will need to be accessible for auditing by Ofgem or any organisation working on behalf of Ofgem.

## Verifying information given to a FIT Licensee

7.18. FIT Licensees are required to take all reasonable steps to verify the information given to them by a FIT Generator or Applicant. Greater checks are required where the FIT Generator or Applicant is not a customer of the FIT Licensee to ensure the information given is correct. This should include collecting

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<sup>1</sup> The main exception is where installations are below 50kW and receiving the standard 9p/kWh tariff for pre 15 July 2009 installations. This is because there is no tariff difference between the technologies.

documentation of proof of address, relationship with the site (owner or tenant) and any contractual arrangements put in place which affects the Eligible Installation.

7.19. All FIT Licensees have an obligation to take reasonable steps to ensure that only eligible FIT Payments are made. As such we would expect FIT Licensees to put in place reasonable measures in place to help them satisfy themselves that the information they are given, and that is held on the Central FIT Register is accurate, as FIT Payments will be based on this information. Ofgem expect FIT Licensees to require those FIT Generators (and if applicable Nominated Recipients) to whom they are making FIT Payments, to make a declaration that the information held on the Central FIT Register is complete and accurate. This should be done regularly and no less than annually. FIT Licensees may wish to build this requirement into their meter reading collection processes, asking FIT Generators (and if applicable Nominated Recipients) to make such a declaration when submitting a relevant meter reading. If FIT Licensees have any questions on how they might collect and record such declarations, they should contact Ofgem's Central FIT Register and Fraud Prevention Manager.

7.20. During the FIT Year Ofgem, or a contractor working on its behalf, may review and inspect a sample of FIT Generators and Eligible Installations to assess levels of compliance.

## **Monitoring Licensed Electricity Suppliers' Compliance with FITs**

7.21. Ofgem is required to monitor compliance with the SLCs and the FIT Order at all times. As part of this duty, Ofgem will put in place an auditing system to ensure FIT Licensees are making the necessary checks on both the MCS and ROO-FITs systems in order to verify claims of Certification and/or Accreditation for Eligible Installations. It will also audit the arrangements needed when the FIT Generator and Nominated Recipient are not the same. Further information on what type of measures may be taken will be available from Ofgem's Central FIT Register and Fraud Prevention Manager ([fitregister@ofgem.gov.uk](mailto:fitregister@ofgem.gov.uk)).

7.22. After 1 July following the end of the relevant FIT Year, Ofgem may seek to verify the information provided by FIT Licensees using independent organisations.

7.23. Data provided by FIT Licensees in the Annual Levelisation Process should be fully audited by an independent organisation and the audit report provided to Ofgem by 1 July following the end of the FITs year (see Chapter 9 for more details).

7.24. Ofgem will notify any FIT Licensee where there is a discrepancy between the data they have provided to Ofgem and the information held by other organisations. Ofgem will specify a reasonable response time in any request for further information or clarity and FIT Licensees shall be required to respond within the specified time period.

7.25. Ofgem also intends to sample review and inspect the processes in place, and the information held by FIT Licensees, for the purpose of monitoring and assessing their compliance with the SLCs.

## 8. Notification and Licensee Registration

### Chapter Summary

This chapter sets out the annual process of providing a FIT Notification to Ofgem with regards to the status of a FIT Licensee, be it Mandatory, Voluntary or Non FIT Licensee. How such notification should be made will be explained in the Central FIT Register User Guide.

### Annual FIT Notification

8.1. All FIT Licensees shall send Ofgem a FIT Notification on or before 14 February of each FIT Year providing the following information:

- i) the number of domestic electricity customers it had on the 31 December the previous year.
- ii) confirming whether or not they will be a Mandatory FIT Licensee, a Voluntary FIT Licensee or a Non FIT Licensee for the FIT Year starting on 1 April following the FIT Notification.

8.2. In FIT Year 1 this FIT Notification is required by 30 June 2010.

### Exiting the FIT Scheme

8.3. Mandatory FIT Licensees are not able to withdraw from participating in FITs.

8.4. Mandatory FIT Licensees, whose circumstances alter such that they no longer satisfy the definition of a Mandatory FIT Licensee, shall remain in FITs as a Mandatory FIT Licensee until the following 1 April.

8.5. Mandatory FIT Licensees who meet the criteria in paragraph 8.4 above and do not elect to become a Voluntary FIT Licensee are required to notify the FIT Generators to which it makes FIT Payments that it will not be continuing to operate as a FIT Licensee the following FITs Year, allowing a notice period of at least 6 weeks between that FITs Withdrawal Notification and the start of the new FITs Year on 1 April.

8.6. Mandatory FIT Licensees who meet the criteria in paragraph 8.4 above and do elect to become a Voluntary FIT Licensee are required to notify all the FIT Generators registered to them of this change in status. They are also required to make clear to those FIT Generators to whom it will no longer be obligated to be a FIT Licensee to, whether they will continue to act as a FIT Licensee to these FIT Generators. Again they are required to allow a notice period of at least 6 weeks

between that FITs Withdrawal Notification and the start of the new FITs Year on 1 April.

8.7. Voluntary FIT Licensees who decide to withdraw from participation in FITs shall:

- i) Notify Ofgem of this decision.
- ii) Continue its existing obligations as a Voluntary FIT Licensee under FITs for the remainder of the FITs Year in which the FITs Withdrawal Notification has been made. If the FITs Withdrawal Notification is made after the 14 February of a given FITs Year, then the Voluntary FIT Licensee shall continue its obligation for the whole of the following FITs Year.
- iii) Notify the FITs Generators to which it makes FIT Payments of their change in status for the following FITs Year, allowing a notice period of at least 6 weeks between that FITs Withdrawal Notification and the start of the new FITs Year on 1 April.

## 9. Levelisation Process

### Chapter Summary

This chapter sets out the details for the levelisation process in the FIT Scheme. More details are to be finalised (for example the Secretary of State is still to make a determination on the "qualifying FIT costs") and Ofgem is committed to working with the Department of Energy and Climate Change and Licensed Electricity Suppliers to confirm these details and publish further guidance if necessary.

### General Principles

9.1. The FITs Order 2010 and SLCs state that all Licensed Electricity Suppliers are required to make Levelisation Payments in proportion to their share of the Great Britain electricity supply market and taking into consideration any FITs contribution made. 'Share of the Great Britain electricity supply market' means the amount of electricity supplied in MWh by all Licensed Electricity Suppliers to customers in Great Britain less the amount of any electricity sourced from renewable sources which is generated outside the UK.

9.2. Any electricity sourced from renewable energy generated outside of the UK, which a Licensee wishes to be taken into account when calculating their own contribution, should be backed by Renewable Energy Guarantees of Origin (REGOs). Ofgem is the official body that recognises overseas REGOs for use in Great Britain. These REGOs should therefore be submitted to Ofgem by 12pm on 1 July of each year if the Licensed Electricity Supplier wishes them to be taken into account in setting Licensed Electricity Supplier's market share for the preceding FITs Year. They must also relate to electricity supplied in that FITs Year.

9.3. The Secretary of State is yet to make a determination on what constitute Qualifying FITs Costs and what FIT Licensees are able to include in the Levelisation process.

9.4. Annual Levelisation requirements will begin on 1 July following the end of a FITs Year and be completed by the following 1 October. It is a requirement that data regarding FIT Payments made to FIT Generators submitted in the Annual Levelisation process is fully audited by a third party. As noted at the start of this chapter, we are planning to publish further guidance on what is expected from FIT Licensees during the Levelisation process, including in this area of providing audited data.

9.5. Ofgem will also be undertaking Periodic Levelisation processes. Initially in FITs Year 1 (1 April 2010 - 31 March 2011) these periodic processes are planned to take place quarterly, with Periodic Levelisation Periods beginning and ending as follows:

- i) 1 April 2010 - 30 June 2010
- ii) 1 July 2010 - 30 September 2010
- iii) 1 October 2010 - 31 December 2010
- iv) 1 January 2011 - 31 March 2011

9.6. Ofgem however has the powers to vary these Periodic Levelisation Periods as long as any such variation is published a month before it takes effect. It is possible that Ofgem will move to a monthly Periodic Levelisation Process at some point in FIT Year 1, but not before 30 June 2010.

9.7. Information submitted as part of a Periodic Levelisation process is required to be based on FIT payments which have been claimed by Generators in the Periodic Levelisation Period following the submission of valid meter readings. It does not have to be audited, reflect payments which have been received by FIT Generators and Nominated Recipients or completely reflect electricity which has been generated by FIT Installations in that particular Periodic Levelisation Period.

9.8. We recognised that claims for FIT Payments and meter readings may fall outside the exact windows of levelisation periods and even within the relevant FIT Year. The flexibility outlined in paragraph 9.7 allows for those payments to be included in the levelisation process, even if a new FIT Year has begun. However it will be the responsibility of the FIT Licensee to calculate what proportion of the electricity was generated in one FIT Year (at a particular tariff) and what proportion was generated in the subsequent FIT Year (at the particular tariff rate adjusted for inflation).

## Periodic Levelisation

9.9. FIT Licensees are required to send a Periodic Levelisation Report regarding a Periodic Levelisation Period within **5 working days** of that period ending.

9.10. A Periodic Levelisation Report should contain the following information:

- i) Total amount of (£) FIT Generation Payments claimed by FIT Generators following the submission of a valid meter readings during that Periodic Levelisation Period.
- ii) Total amount of (£) Deemed FIT Export Payments claimed by FIT Generators following the submission of a valid meter readings during that Periodic Levelisation Period.



- iii) Total amount of (£) FIT Export Payments (Deemed and Metered) claimed by FIT Generators following the submission of a valid meter readings during that Periodic Levelisation Period.

9.11. In addition, all Licensed Electricity Supplier shall provide Ofgem with details of the total electricity they have supplied in GB for that Periodic Levelisation Period. As part of the periodic levelisation submission, there will be an opportunity for licensees to declare an amount of supply to exempt to reflect any electricity sourced from renewable sources generated outside of the UK.

9.12. Ofgem will make the necessary calculation and notify each Licensed Electricity Supplier within 5 working days following the deadline to submit the periodic levelisation report, and inform Licensed Electricity Suppliers whether a Levelisation Payment is owed by them, or due to them.

9.13. Ofgem will calculate the appropriate market share for each Licensed Electricity Supplier using estimated electricity supply data submitted to it by each Licensed Electricity Supplier. We will continue to work with Stakeholders to determine the best method to determine and report this estimated electricity supply data.

9.14. Licensed Electricity Suppliers are required to make any FITs Levelisation Payment due to Ofgem in order for Ofgem to receive this within **10 working days** of a periodic Levelisation Payment Notification being issued.

9.15. Ofgem will make Levelisation Payments due to Licensed Electricity Suppliers, subject to any shortfall in the Levelisation Fund, within **5 working days** of the deadline for Levelisation Payments to be received by Ofgem into the FITs Levelisation Fund.

## Annual Levelisation

9.16. Licensed Electricity Suppliers will be required to send to Ofgem a Levelisation Report covering a FITs Year by **1 July** following the end of that FITs Year. FIT Licensees will also be required to provide an audit report of the FITs Payments they have made. Please note that for the Annual Levelisation process, we would expect Payments to have been made to the Generator by the time the Annual Levelisation report has been submitted.

9.17. An Annual Periodic Levelisation Report should contain the following information:

- i) Total amount (£) of FIT Generation Payments made to FIT Generators following the submission of a valid meter readings during that FIT Year. We would expect such payments to have been made to the FIT Generator or Nominated Recipient.

- ii) Total amount of (£) Deemed FIT Export Payments made to FIT Generators following the submission of a valid meter readings during that FIT Year.
- iii) Total amount of (£) FIT Export Payments (Deemed and Metered) made to FIT Generators following the submission of a valid meter readings during that FIT Year. We would expect such payments to have been made to the FIT Generator or Nominated Recipient.
- iv) Total electricity generated (MWh) by FIT Installations in that FIT Year.
- v) Total electricity exported (MWh) by FIT Installations that FIT Year.

9.18. In addition, all Licensed Electricity Supplier shall provide Ofgem with details of the total electricity they have supplied in GB for that FIT Year and any electricity which can be exempted from the calculation (see paragraphs 9.1 and 9.2 above). The data given for total electricity supplied in GB for that FIT Year should be the same figure provided by Licensed Electricity Supplier under the Renewable Obligation.

9.19. Ofgem will make the necessary calculation and notify each Licensed Electricity Supplier by 1 August following the end of that FITs Year whether a Levelisation Payment is owed by them, or due to them.

9.20. Licensed Electricity Suppliers are required to make any FITs Levelisation Payment due and for this to be received by Ofgem within 10 working days of an annual Levelisation Payment Notification being issued.

9.21. Ofgem will make Levelisation Payments due to FIT Licensees, subject to any short fall in the Levelisation Fund, by **1 October** following the end of that FITs Year.

## Levelisation Calculation

9.22. Ofgem will calculate the periodic FIT Levelisation Payments due from and to each Licensed Electricity Supplier, taking into account:

- i) the Licensed Electricity Supplier's market share (as referred to in paragraph 9.1 and 9.2)
- ii) Total FIT Licensees' Qualifying FITs Costs incurred for that period.
- iii) Total eligible FIT Generation Payments claimed from that FIT Licensee in that Levelisation Period
- iv) Total eligible Deemed FIT Export Payments claimed from the FIT Licensee in that Levelisation Period

- v) Total Levelisation Payments already made by and to that Licensed Electricity Supplier.

9.23. Following the end of a Periodic Levelisation Period and with regards to the data applicable to that period, a Licensed Electricity Supplier's Periodic Levelisation Payment (**plp**) shall be equal to [the Licensed Electricity Supplier's market share for the period (**ms**) multiplied by the sum of (Total (£) FIT Generation and Deemed FIT Export Payments claimed by all FIT Licensee for that period (**tfp**) and total Qualifying Costs due to all FIT Licensees for that period (**tqc**))] minus the individual FIT Licensee's qualifying cost (**iqc**) and the individual FIT Licensee's generation and deemed export payments (**ifp**).<sup>2</sup>

$$plp = [ms \times (tfp+tqc)] - (iqc + ifp)$$

9.24. Following the end of a FIT Year and with regards to the data applicable to that FIT Year period, a Licensed Electricity Supplier's Annual Levelisation Payment (ALP) shall be equal to [the Licensed Electricity Supplier's market share for the FIT Year (**MS**) multiplied by the sum of (Total (£) FIT Generation and Deemed FIT Export Payments claimed by all FIT Licensee for that period (**TFP**) and total Qualifying Costs due to all FIT Licensees for that FIT YEAR (**QC**))] minus (the individual FIT Licensee's qualifying costs (**IQC**) and individual FIT Licensee's generation and deemed export payments (**IFP**)), minus the sum of all Periodic Levelisation Payments already made by the Licensed Electricity Supplier for that FIT Year (**PLP**).

$$ALP = [[MS \times (TFP+QC)] - (IQC+ IFP)] -PLP$$

9.25. If the Levelisation Payment (plp or ALP) is positive it means the Licensed Electricity Supplier owes money to the Levelisation Fund. If the Levelisation Payment is negative, it means the Licensed Electricity Supplier is owed money from the Levelisation Fund.

## Discrepancies

9.26. If a FIT Licensee uncovers any discrepancies or wishes to dispute the levelisation calculations made, they should raise this with the FIT Compliance Team at Ofgem ([fitcompliance@ofgem.gov.uk](mailto:fitcompliance@ofgem.gov.uk)) at the earliest possible opportunity, providing the team with relevant background details.

9.27. Given the tight timeframe proposed for Periodic Levelisation, such discrepancies will not affect the levelisation payments owed to or from the Levelisation Fund for that Periodic Levelisation Process. Instead discrepancies will be dealt with during the Annual Levelisation process. However if discrepancies or disputes are raised concerning the Annual Levelisation calculation we will look to

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<sup>2</sup> Please note that it is still to be determined whether Qualifying Costs are to be included in Periodic Levelisation Processes.

resolve those before final invoices are issued and Annual Levelisation Payments are due.

## **Shortfall in the Levelisation Fund**

9.28. If there is a shortfall in the Levelisation Fund then Ofgem will reduce each Levelisation Payment it is due to make to FIT Licensees in proportion to the reduction in the Levelisation Fund value. Once any late or subsequent Levelisation Payments have been received, then the remainder of a Levelisation Payment will be made to FIT Licensees.

9.29. At present if a shortfall is not recovered (for example if a Licensed Electricity Supplier who owes money into the Levelisation fund enters into administration and is unable to make a Levelisation or Late Payment) there is no mechanism to readjust Levelisation obligations as calculated above.

## 10. Legal Framework

### Chapter Summary

This chapter sets out the legislative framework which underpins the Feed-In Tariff in Great Britain.

### Context

10.1. The Renewable Energy Strategy, published in July 2009, set out the Government's intention to put appropriate incentives in place for different aspects of the low carbon energy sector. The FITs is intended to encourage deployment of additional small scale low carbon electricity generation, particularly by individuals, householders, organisations, businesses and communities, who have not traditionally engaged in the electricity market.

### Energy Act 2008

10.2. The FITs is made under s41 to 43 of the Energy Act 2008 ("the Act").

10.3. The Act contains powers for the introduction of FITs in Great Britain to incentivise renewable electricity installations.

10.4. DECC issued its Consultation on Renewable Electricity Financial Incentives 2009 in July 2009.

10.5. Under s41(1) of the Act, the Secretary of State is given the power to modify standard supply licence conditions as well as industry codes for the purpose of establishing or making arrangements for the administration of FITs.

10.6. Under s43(3) of the Act, the Secretary of State may confer functions on Ofgem in connection with the administration of FITs.

[http://www.opsi.gov.uk/acts/acts2008/ukpga\\_20080032\\_en\\_1](http://www.opsi.gov.uk/acts/acts2008/ukpga_20080032_en_1)

### Licence Modification

10.7. A number of obligations are being placed upon Licensed Electricity Suppliers to facilitate the delivery of the FITs. These are being put in place by the Government via modifications to the Electricity SLCs. Proposed licence modifications were consulted upon by the Government between 18 December 2009 and 15 January 2010. The finalised proposals were laid before Parliament on 8 February 2010. The Licence Conditions came into effect on 1 April 2010.

10.8. The new Section C to Electricity Supply Licences requires all Licensed Electricity Suppliers to comply with standard condition 33 and 34, and fulfil subsequent provisions detailed in the Schedule to Section C. Under the new modifications, the Licensed Electricity Supplier will be responsible for making FITs payments, and in order to receive FITs Payments, a Generator with a prospective eligible FITs Installation will need to approach a Licensed Electricity Supplier that provides FITs Services. Licensed Electricity Suppliers will therefore have a central role in the delivery of the FITs. In addition, all Licensed Electricity Suppliers will be required to pay a levy to cover the cost of FITs in proportion to their GB market share.

<http://www.decc.gov.uk/fits>

## **FIT Order 2010**

10.9. The Feed-in Tariff Scheme (Functions of the Authority and specified maximum capacity) Order 2010 sets out certain definitions, parameters and powers in relation to the administration of the FITs scheme. In particular it contains details on eligibility, registration and the role of the Authority (Ofgem). It was laid in Parliament on 9 March 2010. The Order came into effect on 1 April 2010.

[http://www.opsi.gov.uk/si/si2010/pdf/uksi\\_20100678\\_en.pdf](http://www.opsi.gov.uk/si/si2010/pdf/uksi_20100678_en.pdf)

## **Renewable Obligation Order (ROO)**

10.10. The introduction of the FITs has meant a number of changes have been made to the RO scheme. Articles 17B – 17E of the ROO 2010 provide transitional arrangements for existing and new stations. Article 17B removes all Generators with a Declared Net Capacity of 50kW and below eligible for FITs Payments from the ROO, whilst 17C-17D gives Generators with a Declared Net Capacity of over 50kW up to 5MW, a choice between the FITs and the RO. Article 14 makes a consequential amendment made necessary by the above new Articles. The ROO 2010 was laid on 28 January 2010 and passed.

[http://www.opsi.gov.uk/si/si2010/draft/ukdsi\\_9780111491812\\_en\\_1](http://www.opsi.gov.uk/si/si2010/draft/ukdsi_9780111491812_en_1)

## **This Document**

10.11. Under the FITs Order 2010 the Secretary of State has appointed Ofgem to carry out the behind the scenes administration of FITs. This document is published in anticipation of and in accordance with those powers and give guidance on how Licensees are required to discharge their obligations under the new licence conditions 33 and 34.

## **Enforcement**

10.12. The provisions of Section C and Schedule A to Standard Condition 33 of this licence are "relevant conditions" for the purpose of s25(8) of the Electricity Act 1989 and a non-complying licensee shall be subject to the enforcement powers of Ofgem under the Electricity Act 1989.

## 11. Dispute Resolution

### Chapter Summary

This Chapter details the process in place to make complaints and resolve disputes involving Ofgem in the administration of the FIT Scheme. The Department of Energy and Climate Change and industry stakeholders are currently working on a framework to cover all other types of disputes.

### Handling Disputes within FITs

11.1. FIT Licensees have an obligation to provide a description of the Complaints Procedure in their Statement of FIT Terms, and have a duty to participate in the Complaints Procedure on disputes in relation to compliance with obligation under the Scheme. For information on this Complaints Procedure please consult the Complaints Factsheet which can be found at [www.decc.gov.uk/fits](http://www.decc.gov.uk/fits).

### Enquiries, disputes and complaints involving the Central FIT Register

11.2. If a FITs Generator would like further clarity on the information contained in the Central FITs Register then they should contact Ofgem's Central FITs Register Manager, requesting the information in writing by email, fax or letter. Such a request should clearly identify the Installation concerned. The Manager will then send the relevant information by letter to the registered Generator for that installation.

11.3. If a FIT Generator disputes the information contained on the Central FITs Register then it should approach in the first instance its FIT Licensee and explain the reasons why they believe the information on the Central FITs Register is inaccurate and provide supporting evidence. If the FIT Licensee decides that the information contained on the Central FITs Register is inaccurate it should, as soon as is reasonably possible, update the Central FIT Register.

11.4. If a FIT Licensee disputes the information contained in the Central FIT Register and this cannot be amended by the FIT Licensee updating the entry of the Central FIT Register, the FIT Licensee should put in writing to the Central FIT Register Manager the issue, clearly identifying the Installation concerned, the incorrect data, what it believes the correct data to be, the reasons it believes the information on the Central FIT Register is inaccurate and provide supporting evidence. Ofgem can then take a decision as to what information, if any, held on the Central FITs Register needs to be amended.

11.5. If a FIT Generator or FIT Licensee wish to clarify or dispute any decision taken by Ofgem with regards to the Central FITs Register then the FIT Generator or FIT Licensee should put in writing to the Central FIT Register Manager the issue, clearly



identifying the Installation concerned, the matter needing resolving and provide any relevant evidence. If the FIT Generator or FIT Licensee remains unhappy at how a decision is taken, then it is able to make a complaint. Guidance on how to do this is contained below.

## **Enquiries, disputes and complaints involving the levelisation, mutualisation and annual reconciliation process**

11.6. If a Licensed Electricity Supplier would like further clarity on the methods used and the calculations made of Levelisation, mutualisation and annual reconciliation it should contact the FIT Compliance Manager.

11.7. If the Licensed Electricity Supplier believes an error has been made it should notify the FIT Compliance Manager as soon as possible and provide as much detail and supporting evidence as is necessary to outline the error. Ofgem can then take a decision as to whether an error has been made and if necessary take corrective action.

## **Complaints about Ofgem**

11.8. If a Licensed Electricity Supplier or FIT Generator is unhappy with the way they have been dealt with or unhappy with the way in which Ofgem has reached a decision or how Ofgem operates, then they should write to:

Ofgem Complaints  
Operations Division  
Ofgem  
9 Milbank  
London  
SW1P 3GE

11.9. A complaint will be acknowledged within two working days. Ofgem will write to the complainant within 10 working days to inform them of the outcome. If it is not possible to get back to the complainant in that time, Ofgem will write to update the complainant on the progress within 10 working days.

11.10. If, after this process, a Licensee is still unhappy, they should write to the Senior Information Risk Officer (SIRO) at the address above, who will investigate the complaint further. The Licensee will receive a response within 10 working days.

11.11. If a Licensee is still not satisfied, it should take the complaint to the Parliamentary Ombudsman who carries out independent investigations into complaints about public bodies. If the complaint is found to be justified, the Ombudsman can recommend that Ofgem provides a remedy.

11.12. Details of how to make a complaint to the Parliamentary Ombudsman can be found on their website at [www.ombudsman.org.uk](http://www.ombudsman.org.uk) .

## Appendices

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## Appendix 1 - Generator and Installation details required for Central FIT Register

Below is a list of information required from FIT Licensees to populate the Central FIT Register when registering a new eligible installation, and where that information may be retrieved from (marked with an "X" in the last two columns).

Data Item	Details	MCS	ROO-FITs
FITs Generator Details	1.1. Name, Address, Postcode, Company Name/Number, Email address		X
Nominated Recipient Details	Name, Address, Postcode, Company Name/Number		
Site location	Metering Point Administration Number (MPAN), Installation Location Address & Postcode, or Ordnance Survey Grid Reference	X	X
Technology installed	PV*, Wind, Hydro, micro CHP, AD (selected from a list)	X	X
Total Installed Capacity	Numeric entry		X
Declared Net Capacity	Numeric entry	X	X
Application Date	Date MCS Registration requested / ROO-FITs accreditation application received		X
Commissioning Date	Date Installation (and any subsequent extensions) commissioned	X	X
Installation Type	A descriptor for reporting/analysis e.g. residential (selected from a list)		X
Export status	A descriptor indicating the export type e.g. No Export, Off Grid, Deemed Export, Standard Tariff, Negotiated Tariff (selected from a list)		
Grid Connection Status	Whether or not the installation is connected to the distribution network		X
Supply MPAN(s)	Alphanumeric entry (mandatory for grid connected installations)	X	X
Export MPAN(s)	Alphanumeric entry		X
Generation meter serial number(s)	Alphanumeric entry	X	X
Generation Meter Reading(s)	Meter Reading(s) – Numeric entry	X	X
Start Meter Reading date	Generation meter reading date	X	X
Date of Statement of FIT Terms	Date Statement of FIT Terms agreed with the Generator		
Existing installation details	Declaration from the Generator regarding the (DNC/TIC) of any other installations of the same renewable technology on the same site to determine correct tariff & eligibility		

## Appendix 2 – Statement of FIT Terms

Replicated from the proposed Schedule A to Standard Condition 33 of the Electricity Supply Licence. Where the conditions refer to Mandatory FIT Licensees, this should be read as Mandatory and Voluntary FIT Licensees.

### 6. Statement of FIT Terms

6.2 The Mandatory FIT Licensee shall take all reasonable steps to agree in writing a Statement of FIT Terms with a FIT Generator as regards an Accredited FIT Installation within ten working days of the Confirmation Date, such agreement not to be unreasonably withheld.

6.3 The Mandatory FIT Licensee shall ensure that the Statement of FIT Terms incorporates as a minimum the Principal Generator Terms detailed in Part 1, clause 6.3 and the Principal FIT Licensee Terms detailed in Part 1, clause 6.4, in accordance with any guidance issued by the Authority.

6.4 The Principal Generator Terms shall include:

6.4.1 obligations relevant to FIT Payments, including:

- (a) Tariff Code
- (b) Confirmation Date;
- (c) Eligibility Date and Eligibility Period;
- (d) Generation Tariff;
- (e) Export Tariff (where applicable) and how to elect to receive Export Payments;
- (f) frequency of FIT Payment;
- (g) data on which calculation of FIT Payments shall be based and the process by which such data is to be provided;
- (h) the consequences of ceasing to be eligible for FIT Payments;
- (i) and any other term that may reasonably be considered to significantly affect the evaluation by the FIT Generator of the arrangement under which FIT Payments shall be made by the Mandatory FIT Licensee; and

6.3.2 obligations relevant to the protection of the FIT Generator to which the Mandatory FIT Licensee shall be obliged to adhere, including:

- 
- (a) a description of the Complaints Procedure and a stated duty to participate in the Complaints Procedure on disputes in relation to compliance with obligations under the Scheme;
  - (b) a duty not to discriminate without objective justification in terms of changing Relevant Electricity Licensee or the prices for supply and other charges as between FIT Generators and other parties to whom electricity is supplied by the Mandatory FIT Licensee;
  - (c) a description of the process of Switching and a stated duty to participate as required to facilitate the Switching of a FIT Generator;
  - (d) a duty not to impose any obligations on a FIT Generator which are additional to, or more onerous than those that are necessary to enable the Mandatory FIT Licensee to meet its obligations under the Scheme;
  - (e) a duty to fulfil obligations under this Scheme efficiently and expeditiously;
  - (f) a term setting out the termination rights which permit the FIT Generator to withdraw from the Scheme or Switch;
  - (g) a term identifying the risks to a FIT Generator of failure to adhere to the Statement of FIT Terms, for example following failure to provide the required data in a timely fashion and as regards suspension and recoupment of FIT Payments.

6.4 The Principal FIT Licensee Terms shall include:

6.4.1 a term explaining that FIT Payments shall be made by reference to data in the Central FIT Register;

6.4.2 a term identifying the FIT Generator's obligations as regards providing information, declarations and evidence to the Mandatory FIT Licensee and the Authority (as well as any consents required for the purposes of data protection) as required for the administration of the Scheme;

6.4.3 a term requiring the FIT Generator to inform the Mandatory FIT Licensee as soon as reasonably possible in the event there is a change in ownership of an Accredited FIT Installation;

6.4.4 a term requiring the FIT Generator to inform the Mandatory FIT Licensee as soon as reasonably possible of Extensions or Reductions to an Accredited FIT Installation;

6.4.5 a term setting out the circumstances and procedures for changing the Nominated Recipient on the Central FIT Register;

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6.4.6 a term explaining meter ownership and responsibilities, including as regards access to the property of the FIT Generator if required for inspection, testing and (in the case of the Export Meter) maintenance and if appropriate replacement.

6.5 In the event the Central FIT Register is amended by the Authority to reflect any change in circumstances relevant to the content of the Statement of FIT Terms, for example, the Extension of an Accredited FIT Installation, the Mandatory FIT Licensee shall revise the Statement of FIT Terms as required and an amended version shall be supplied to the FIT Generator.

6.6 The Mandatory FIT Licensee shall be required to take due account of guidance issued by the Authority as regards the content and the form of the Statement of FIT Terms but can agree terms more favourable to the FIT Generator if so desired;

6.7 In addition to what is stipulated in the Statement of FIT Terms, the Mandatory FIT Licensee shall have the following specific duties as regards FIT Generators in the context of the Scheme:

6.7.1 when providing information to a FIT Generator (whether in writing, by electronic display or orally) in relation to this Scheme, the Mandatory FIT Licensee shall take all reasonable steps to ensure it:

- (a) is complete and accurate;
- (b) is capable of being easily understood by the FIT Generator;
- (c) does not mislead the FIT Generator; and
- (d) is otherwise fair, transparent, appropriate and delivered in a professional manner both in terms of content and in terms of how it is presented (with more important information being given appropriate prominence);

6.7.2 when making FIT Payments to a FIT Generator or Nominated Recipient, the Mandatory FIT Licensee shall ensure that the Statement of FIT Terms by reference to which it does so does not materially discriminate without objective justification between one group of FIT Generators and any other such group;

6.7.3 the Mandatory FIT Licensee shall notify FIT Generators and Nominated Recipients to which it makes FIT Payments as soon as reasonably possible at the occurrence of an Insolvency Event.

6.8 To the extent a FIT Generator falls into the definition of Customer, Domestic Customer or Micro-business Consumer under the Electricity Supply Licence, participation in this Scheme and involvement in Small-scale Low-carbon Generation shall have no effect on the rights and obligations resulting from that status under Sections A and B of the Electricity Supply Licence.

## Appendix 3 – The Authority’s Powers and Duties

1.1. Ofgem is the Office of Gas and Electricity Markets which supports the Gas and Electricity Markets Authority (“the Authority”), the regulator of the gas and electricity industries in Great Britain. This Appendix summarises the primary powers and duties of the Authority. It is not comprehensive and is not a substitute to reference to the relevant legal instruments (including, but not limited to, those referred to below).

1.2. The Authority’s powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Act 2004, as well as arising from directly effective European Community legislation. References to the Gas Act and the Electricity Act in this Appendix are to Part 1 of each of those Acts.<sup>3</sup>

1.3. Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This Appendix must be read accordingly<sup>4</sup>.

1.4. The Authority’s principal objective when carrying out certain functions under each of the Gas Act and the Electricity Act is to protect the interests of existing and future consumers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the shipping, transportation or supply of gas conveyed through pipes, and the generation, transmission, distribution or supply of electricity, or the provision or use of electricity interconnectors.

1.5. The Authority must, when carrying out those functions, have regard to:

- the need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
- the need to secure that all reasonable demands for electricity are met;
- the need to secure that licence holders are able to finance the activities which are the subject of obligations on them<sup>5</sup>;
- the need to contribute to the achievement of sustainable development; and
- the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.<sup>6</sup>

1.6. Subject to the above, the Authority is required to carry out the functions referred to in the manner which it considers is best calculated to:

<sup>3</sup> entitled “Gas Supply” and “Electricity Supply” respectively.

<sup>4</sup> However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act.

<sup>5</sup> under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Act in the case of Electricity Act functions.

<sup>6</sup> The Authority may have regard to other descriptions of consumers.



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- promote efficiency and economy on the part of those licensed<sup>7</sup> under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems;
  - protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity; and
  - Secure a diverse and viable long-term energy supply.

1.7. In carrying out the functions referred to, the Authority must also have regard, to:

- the effect on the environment of activities connected with the conveyance of gas through pipes or with the generation, transmission, distribution or supply of electricity;
- the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
- certain statutory guidance on social and environmental matters issued by the Secretary of State.

1.8. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation<sup>8</sup> and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

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<sup>7</sup> or persons authorised by exemptions to carry on any activity.

<sup>8</sup> Council Regulation (EC) 1/2003

## Appendix 4 - Glossary

"Accredited FITs Installation"	means an Eligible Installation which the Authority has both determined is suitable for participation in the FITs and entered onto the Central FITs Register in accordance with the FITs Order 2010;
Accreditation Letter "Affiliate"	means in relation to an Licensed Electricity Supplier any holding company or subsidiary or subsidiary undertaking of a holding company of the Licensed Electricity Supplier in each case within the meaning of the Companies Act 2006;
"Cancellation of Export Payment Opt Out Notification"	means a notice in writing from a FITs Generator to a FIT Licensee in terms of which the FITs Generator elects to resume receipt of Export Payments from a date specified therein;
"Central FITs Register"	means the register kept and maintained by the Authority for the purpose of recording details of FITs Generators, FITs Installations and other such matters relating to the FITs;
"Commissioned"	means, in relation to an Eligible Installation, the completion of such procedures and tests as constitute, at the time they are undertaken, the usual industry standards and practices for commissioning that type of Eligible Installation in order to demonstrate it is capable of operation;
"Complaints Procedure"	means the procedure available to a FITs Generator in the event it has a complaint about any action taken by a FIT Licensee in relation to this Scheme;
"Confirmation Date"	means the date on which the FITs Generator is entered onto the Central FITs Register by the Authority, such that its Eligible Installation becomes an Accredited FITs Installation;
"Declared Net Capacity"	means the maximum capacity at which the installation can be operated for a sustained period without causing damage to it (assuming the source of power used by it to generate electricity was available to it without interruption) less the amount of electricity that is consumed by the Installation;

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"Deemed Export"	means Export from an Accredited FITs Installation which may be deemed to be a percentage of the equivalent Generation Meter Reading from the same Accredited FITs Installation and period, in the event it is not possible or practical to measure it by way of Export Meter Readings, to be determined in accordance with the methodology determined by the Secretary of State as set out in the FITs Order 2010;
"Deemed Export Reading"	means the data by reference to which the FIT Licensee may calculate the Export Payment as regards the Deemed Export of an Accredited FITs Installation;
"EA08"	means the Energy Act 2008;
"Eligibility Date"	means the date as regards a particular Eligible Installation from which eligibility for FITs Payments commences which shall be the later of the date: (a) as applicable, of (i) receipt by the Authority of a FITs Generator's written request for ROO-FITs Accreditation in a form acceptable to the Authority; or (ii) receipt by a FIT Licensee of a FITs Generator's written request for MCS-certified Registration; (b) on which the Eligible Installation is Commissioned; or (c) of Implementation;
"Eligibility Period"	means the maximum period during which a FITs Generator can receive FITs Payments for a particular Eligible Installation, as set out in the table at Annex 1 of Schedule A to Standard Condition 33 of the Electricity Supply Licence;
"Eligible Installation"	means, on a Site, any Installation owned by a FITs Generator capable of producing Small-scale Low-carbon Generation from the same type of Eligible Low-carbon Energy Source, the Total Installed Capacity of which does not exceed the specified maximum Declared Net Capacity;

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"Eligible Low-carbon Energy Source"	means the following sources of energy or technology: anaerobic digestion, as defined in the ROO; hydro generating station, as defined in the ROO; combined heat and power with an electrical capacity of 2kW or less; solar photovoltaic; wind, which may be amended from time to time by the Secretary of State insofar as the scope remains consistent with the sources of energy and technologies identified in s.41(5) EA08;
"Export"	means the flow of electricity at any instant in time from an Eligible Installation onto a distribution system or transmission system and, if the FIT Licensee so elects, accounted for in settlement in accordance with the BSC, and Export used as a verb shall be construed accordingly;
"Export Meter"	means a meter which measures the quantity of Export which, if registered pursuant to the BSC, such registration is to be the responsibility of the FIT Licensee;
"Export Meter Reading"	means the measure by an Export Meter of the amount of Export;
"Export Payment"	means the sum paid to the FITs Generator or Nominated Recipient, as applicable, by a FIT Licensee, for FITs Export in any period, calculated by reference to the Export Tariff and Export Meter Reading or Deemed Export Reading;
"Export Payment Opt Out Notification"	means a notice in writing from a FITs Generator to a FIT Licensee in terms of which the FITs Generator opts out of receiving Export Payments from a date specified therein;
"Export Tariff"	means the payment rate per kilowatt hour for FITs Export from an Accredited FITs Installation as set out in the FITs Payment Rate Table at Annex 2 of Schedule A to Standard Condition 33 of the Electricity Supply Licence;
"Extension"	means a modification to an Accredited FITs Installation to increase its Total Installed Capacity from the same Eligible Low-carbon Energy Source, and Extend as a verb shall be construed accordingly;
FITs Applicant	

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“FITs Export”	means Export or Deemed Export from an Accredited FITs Installation in relation to which a FITs Generator has requested to receive Export Payments in accordance with Part 1, clause 7.1;
“FITs Generator”	means the Owner, identified as such in the Central FITs Register, of an Eligible Installation used or intended to be used for Small-scale Low-carbon Generation, whether or not that person is also operating or intending to operate the Eligible Installation;
“FIT Licensee”	means the collective term for Mandatory FIT Licensees and Voluntary FIT Licensees;
“FITs Notification”	means the notification to be submitted to the Authority by the licensee on or before 14 February in each year to confirm whether the licensee is: a Mandatory FIT Licensee; or a Voluntary FIT Licensee; or neither a Mandatory FIT Licensee nor a Voluntary FITs, by reference to its status as at 31 December of the previous calendar year. In FITs Year 1, the FITs Notification must be submitted on or before 30 June 2010 by reference to a licensee’s status as at Implementation;
“FITs Order”	means an order made in accordance with sections 43(3) and 41(1) EA08;
“FITs Payments”	means, as applicable, the Generation Payments and/or Export Payments;
“FITs Scheme”	means the scheme for feed-in tariffs introduced in accordance with sections 41 to 43 EA08, as set out in Standard Condition 33 of the Electricity Supply Licence, and Schedule A to Standard Condition 33 of the Electricity Supply Licence;
“FITs Year”	means the year commencing on 1st April and ending on 31st March numbered sequentially from FITs Year 1 (being 1st April 2010 to 31st March 2011) to FIT Year 11;
“Generation Meter”	means a meter which measures the quantity of electricity generated by an Accredited FITs Installation, for which the FITs Generator is responsible;
“Generation Payment”	means the sum paid to the FITs Generator or Nominated Recipient, as applicable, by a FIT Licensee, for the electricity generated by Accredited FITs Installations in any period, calculated by reference to the Generation Tariff and Generation Meter Readings;

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“Generation Meter Reading”	means the measure by a Generation Meter of the gross amount of electricity generated by an Accredited FITs Installation;
“Generation Tariff”	means the payment rate per kilowatt hour of electricity generated by an Accredited FITs Installation as set out in the FITs Payment Rate Table at Annex 2 of Schedule A to Standard Condition 33 of the Electricity Supply Licence;
“Implementation”	means the date on which the FITs Scheme becomes operational;
“Insolvency Event”	to be interpreted in accordance with paragraphs 1(f)-(g), 2 and 3 of Schedule 2 on Revocation of the Electricity Supply Licence;
“Levelisation Payment”	means the payment required to be made by a FIT Licensee to the Authority or by the Authority to the FIT Licensee, in accordance with the Levelisation Process as determined in the FITs Order 2010;
“Levelisation Process”	means the process by which the total cost of the FITs Order 2010 Scheme is allocated between Licensed Electricity Suppliers in proportion to the size of their share in the electricity supply market of Great Britain, as determined in accordance with the FITs Order 2010;
“Mandatory FIT Licensee”	means a Licensed Electricity Supplier which either: supplies electricity to at least 50,000 domestic customers; or together with its Affiliates jointly supplies electricity to at least 50,000 domestic customers, as at 31 December before the start of each FITs Year; and effective on and from the 1 April of the current FITs Year;
“MCS-certified Installation”	means an Eligible Installation using an MCS-FITs Technology which has been recognised by MCS or equivalent as satisfying relevant equipment and installation standards;
“MCS-certified Registration”	means the process whereby an Eligible Installation confirmed as an MCS-certified Installation is entered onto the Central FITs Register by the Authority;
“MCS or equivalent”	means the Microgeneration Certification Scheme or equivalent schemes accredited under EN 45011, which certify microgeneration products and installers in accordance with consistent standards;

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"MCS-FITs Technology"	means the following Eligible Low-carbon Energy Sources for which MCS-certified Registration is required: solar photovoltaic with a capacity of 50kW or less; wind with a capacity of 50kW or less; hydro generating station with a capacity of 50kW or less; combined heat and power with an electrical capacity of 2kW or less; which may be amended from time to time by the Secretary of State insofar as the scope remains consistent with s.41(5) EA08;
"Metering Legislation"	means: Schedule 7 to the Electricity Act 1989; The Meters (Approval of Pattern or Construction and Manner of Installation) Regulations 1998, SI/1565; The Meters (Certification) Regulations 1998, SI/1566; The Electricity (Approval of Pattern or Construction and Installation and Certification) (Amendment) Regulations 2002, SI/3129 ; The Measuring Instruments (EC Requirements) (Electrical Energy Meters) Regulations 1995, SI/2607; The Measuring Instruments (EC Requirements) (Electrical Energy Meters) (Amendment) Regulations 2002, SI/3082; The Measuring Instruments (Active Electrical Energy Meters) Regulations 2006, SI/1679;
"Migrated ROO Generator"	means a Generator whose generation installation was accredited under the ROO as at Implementation and who notifies the Authority , or, as the case may be, a FIT Licensee, of their intention to participate in the FITs and whose Eligible Installation is subsequently accredited by the Authority in accordance with the FITs Order 2010;
"Nominated Recipient"	means a person appointed by a FITs Generator to receive FITs Payments in respect of an Accredited FITs Installation owned by that FITs Generator and recorded as such on the FITs Central Register;
"Original FITs Installation"	means a person appointed by a FITs Generator to receive FITs Payments in respect of an Accredited FIT Installation owned by that FITs Generator and recorded as such on the FITs Central Register;

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“Owner”	means, in relation to any Installation which is the subject of a hire purchase agreement, a conditional sale agreement or any agreement of a similar nature, the person in possession of the Plant under that agreement, and in all other contexts it shall bear its ordinary meaning, Owned as a verb shall be construed accordingly;
“Part 1”	means Part 1 of Schedule A to Standard Condition 33 of the Electricity Supply Licence;
“Part 2”	means Part 2 of Schedule A to Standard Condition 33 of the Electricity Supply Licence;
“Part 3”	means Part 3 of Schedule A to Standard Condition 33 of the Electricity Supply Licence;
“Plant”	means any equipment, apparatus or appliance;
“Principal FIT Licensee Terms”	means the principal terms, to be included in the Statement of FITs Terms, which relate to the obligations which a FITs Generator must satisfy in order to receive FITs Payments from a FIT Licensee;
“Principal Generator Terms”	means the principal terms, to be included in the Statement of FITs Terms, which relate both to FITs Payments and the protection of FITs Generators;
“Reduction”	means a modification to an Eligible Installation to decrease its Total Installed Capacity from the same Eligible Low-carbon Energy Source, and Reduce as a verb shall be construed accordingly;
“ROO”	means collectively the Renewables Obligation Order 2009 and Renewables Obligation (Scotland) Order 2009 (or equivalent determinations under any amendments to those Orders or re-enactments of the RO upon revocation of those Orders);
“ROO-FITs Accreditation”	means the process of accreditation pursuant to the FITs Order to be undertaken in respect of an Eligible Installation not using an MCS-FIT Technology;
“Site”	means the premises to which are attached one or more Accredited FITs Installations or Eligible Installations in close geographical proximity to each other, to be determined as required by the Authority by reference to: the relevant Meter Point Administration Number (MPAN) for electricity supply; Installation Location address including postcode; or OS grid reference; and any other factors which the Authority at its discretion views as relevant;

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"Small-scale Low-carbon Generation"	means the use, for the generation of electricity, of any Plant: which, in generating electricity, relies wholly or mainly on an Eligible Low-carbon Energy Source; and the Total Installed Capacity of which does not exceed the specified maximum Declared Net Capacity;
"Specified Maximum Capacity"	means the maximum capacity specified in the FITs Order 2010;
"Statement of FIT Terms"	means the statement of terms and conditions agreed between the FIT Licensee and FITs Generator in relation to participation in the FITs
"Switching"	means the process involved when a FITs Generator elects to change its FIT Licensee, and Switch used as a verb shall be construed accordingly;
"Tariff Code"	means a code allocated to each Accredited FITs Installation identifying the: FITs Year in which the Eligibility Date falls; Eligible Low-carbon Energy Source; and other characteristics relevant to the Accredited FITs Installation;
"Total Installed Capacity"	means the maximum capacity at which an Eligible Installation could be operated for a sustained period without causing damage to it (assuming the Eligible Low-carbon Energy Source was available to it without interruption), a declaration of which is submitted as part of the processes of ROO-FITs Accreditation and MCS-certified Registration;
"Transfer Date"	Means the date upon which a FITs Generator is deemed to have Switched in relation to an Accredited FITs Installation;
"Voluntary FIT Licensee"	means a licensee which is not a Mandatory FIT Licensee but which voluntarily elects to participate in making FITs Payments under the FITs.