

Feed-in Tariff: Guidance for Licensed Electricity Suppliers (Version 2) - Consultation

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Overview:

In May 2010, Ofgem published guidance to all Licensed Electricity Suppliers on their duties under the Feed-in Tariff (FIT) scheme. In light of the experience in administering the scheme we are now able to expand on some aspects of the FIT scheme administration. In addition, we said that we would consider the frequency and timetable for periodic levelisation after two rounds of quarterly periodic levelisation.

This document incorporates amendments to the Guidance, where appropriate, and also seeks consultees' views on specific aspects of the FIT scheme administration. Because the policy behind the FIT scheme has not changed since the publication of the Guidance in May 2010, Ofgem is not consulting on the full content of this document.

Material changes made to this document, including aspects we are consulting on, are set out in paragraph 1.11 and at the beginning of each chapter. Where we are seeking consultees' views on the FIT scheme administration, questions are provided in the summary section of the relevant chapters.

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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 in Great Britain. The Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010 and modifications to Conditions 33 and 34 of the Standard Licence Conditions became effective from 1 April 2010.

The Feed-in Tariff scheme 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 scheme 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, Wind, Hydro, Anaerobic Digestion and Combined Heat and Power technologies.

Associated Documents

Modifications to Conditions 33 and 34 of the Standard Licence Conditions
http://www.decc.gov.uk/assets/decc/what%20we%20do/uk%20energy%20sapply/energy%20mix/renewable%20energy/policy/fits/1_20100331172153_e_@@_fitlicencemodification.pdf

The Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010
http://www.decc.gov.uk/assets/decc/what%20we%20do/uk%20energy%20sapply/energy%20mix/renewable%20energy/policy/fits/1_20100331172153_e_@@_fitlicencemodification.pdf

Feed-in Tariff Scheme: Guidance for Electricity Suppliers
[http://www.ofgem.gov.uk/Sustainability/Environment/fits/Documents1/Ofgem-FIT%20Guidance%20Document%20for%20Licensed%20Electricity%20Suppliers%20\(FINAL%20FOR%20PUBLICATION\).pdf](http://www.ofgem.gov.uk/Sustainability/Environment/fits/Documents1/Ofgem-FIT%20Guidance%20Document%20for%20Licensed%20Electricity%20Suppliers%20(FINAL%20FOR%20PUBLICATION).pdf)

Central FIT Register User Guide
<http://www.ofgem.gov.uk/Sustainability/Environment/fits/Documents1/Central%20FIT%20Register%20User%20Guide%20-%20July%202010.pdf>

Table of Contents

Executive Summary	1
1. Introduction	3
Context	3
Administration of the FIT scheme.....	4
Structure of the consultation and timetable	4
Enforcement.....	5
2. The role of Licensed Electricity Suppliers and Ofgem in the FIT scheme	7
General Principles	7
Annual FIT Notification	7
Notification	7
Exiting the FIT Scheme.....	8
Obligations to offer FIT Services	9
Mandatory FIT Licensee	9
Voluntary FIT Licensee	9
Licensed Electricity Supplier not offering FITs	10
Responsibilities of FIT Licensees in the FIT scheme	10
Role of Ofgem in the FIT scheme	12
3. Eligibility, Accreditation and Registration	13
Definitions	13
Basic Eligibility Criteria	13
Determining a "Site"	14
Grants.....	14
Permitted grants.....	15
Compliance with the EC's rules on de minimis aid	15
Non-standardised costs exemption.....	16
Repayment of a grant.....	16
Off-Grid Installations	16
Accreditation	17
MCS accreditation.....	17
ROO-FIT accreditation	19
Installations commissioned before 1 April 2010	20
Microgenerators.....	20
Small Generators	20
Registration of Eligible Installations.....	21
Central FIT Register and Data Protection.....	21
FIT Licensee Responsibilities when registering new Eligible Installations	22
Identity checks.....	22
Ownership checks.....	22
Eligibility checks	23
Suspension and removal from the Central FIT Register	24
Statement of FIT Terms	25
Failure to agree a Statement of FIT Terms	26
Breaching the Statement of FIT Terms	27
Switching between FIT Licensees	27
4. FIT Payments	29
General Principles	29
Eligibility Date	30

Eligibility Period	31
Nominated Recipients	31
Commencing Payments	32
Generation Payment.....	33
Calculation of Generation Payment.....	33
FIT Export Payment	34
Deeming	34
Calculating Export Payment.....	35
Reducing, recouping and withholding FIT Payments	35
5. Extensions and Relevant Payment Calculations	37
Definition.....	37
Calculation of Generation Payment when an Extension occurs	37
Additional capacity added to non FIT installations	38
6. Metering Requirements	40
Definitions	40
General principles	40
Tolerance checks	41
Verifying meter readings.....	42
7. Levelisation Process	44
General Principles	44
Market share.....	45
FIT Payments.....	45
Export Payments	45
Qualifying FIT Costs.....	46
Periodic Levelisation	46
Periodic Levelisation Report	47
Periodic levelisation timetable	48
Annual Levelisation	49
Annual Levelisation Report.....	49
Annual Levelisation timetable.....	50
Levelisation Calculation	51
Discrepancies	52
Shortfall in the Levelisation Fund	52
8. Audit and Assurance	54
General Principles	54
Monitoring Licensed Electricity Suppliers' Compliance with the FIT scheme.....	54
Risk assessment	55
9. Dispute Resolution	56
Handling Disputes within the FIT scheme	56
Disputes and complaints between a FIT Generator and a FIT Licensee	56
Enquiries, disputes and complaints involving the Central FIT Register.....	56
Enquiries, disputes and complaints involving Periodic and Annual Levelisation	57
Complaints about Ofgem.....	57
Appendices	59
Appendix 1 - Consultation Response and Questions	60
Appendix 2 - Generator and Installation details required for Central FIT Register.....	63
Appendix 3 – Statement of FIT Terms	64
Appendix 4 – De minimis declaration	67
Appendix 5 - The Authority's Powers and Duties	69

Appendix 6 - Glossary..... 72
Appendix 7 - Feedback Questionnaire 81

Executive Summary

The Feed-In Tariff (FIT) scheme is an environmental programme aimed at promoting widespread uptake of a range of small-scale low carbon electricity generation technologies. The FIT scheme requires certain Licensed Electricity Suppliers to pay fixed tariffs to micro and small renewable and micro Combined Heat and Power Generators for electricity generated and electricity exported to the National Grid. The FIT scheme policy and Tariff Rates are set by the Government, but the scheme is administered by FIT Licensees and Ofgem.

This consultation document provides details on the processes, procedures and interactions to enable the delivery of the FIT scheme. It also provides guidance on what Licensed Electricity Suppliers are required to do in order to comply with Conditions 33 and 34 of the Standard Licence Conditions (SLCs) and Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010.

All Licensed Electricity Suppliers are required to declare their FIT status annually and take part in Periodic and Annual Levelisation processes. In addition to this, FIT Licensees are required to:

- Register and make FIT Payments to eligible FIT Generators
- Ensure that the information provided by the FIT Generators is accurate
- Update the Central FIT Register as required
- Verify that the Meter Readings provided by FIT Generators are within the expected tolerances

There are a range of issues that Ofgem seeks to address in this consultation. Firstly, we are reviewing the existing timetable for submitting and processing Licensed Electricity Suppliers' Levelisation Reports, and the frequency of Periodic Levelisation. Ofgem is seeking views of whether the existing timetable and frequency are appropriate. Background information is referenced in paragraphs 7.16 to 7.32, pages 45 to 46.

Secondly, we are seeking consultees' views on whether Ofgem's proposal for dealing with installations sharing the same meter, where one of them switches a FIT Licensee, is appropriate. Details of the proposal are set out in paragraph 3.91, page 26.

The two-year Meter Reading verification is a key control in mitigating fraud. However, because FIT Licensees may occasionally face difficulties in accessing the meters, we are asking for views on alternative frameworks for verifying and Generation and Export Meter Readings that would be as effective as a site visit. Background information can be found in paragraphs 6.12 to 6.20, pages 41 to 42.

Finally, we are consulting on whether Ofgem's proposal for managing fraud risks through independent auditing and risk assessment is appropriate. Details of our proposal are provided in paragraphs 8.4 to 8.6, pages 53 to 54.

Ofgem has also made a number of amendments to the Guidance since it was last published in May 2010. There are some material changes to provide more information on how to administer certain aspects of the scheme, as well as a change to the flow of the document; these are highlighted throughout the document. Specifically, we have added

more information on how to assess whether an installation in receipt of a public grant is eligible for the FIT scheme in light of the European Commission's decision on State Aid (paragraphs 3.14 to 3.29, pages 13 to 16). Also, since the Secretary of State's determination of the FIT Year 1 Qualifying FIT Costs, we have given more information on how a levelisation payment is calculated (paragraphs 7.9 to 7.13, page 45).

1. Introduction

Information on the legislative framework (previously in Chapter 10) has been summarised and detailed here. There are no questions relating to this chapter.

Context

1.1. 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 Government envisaged that the Feed-in Tariff (FIT) scheme would encourage deployment of additional small scale low carbon electricity generation, particularly amongst those who have not traditionally engaged in the electricity market.

1.2. Sections 41 and 43 of the Energy Act contain powers for the introduction of the FIT scheme in Great Britain to incentivise renewable electricity installations. Under section 41(1) of the Act, the Secretary of State is given the power to modify Standard Conditions of Electricity Supply Licences as well as industry codes for the purpose of establishing or making arrangements for the administration of the FIT scheme. Under section 43(3) of the Act, the Secretary of State may confer the FIT scheme administration on Ofgem.

1.3. The FIT scheme was launched on 1 April 2010. The Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010 (FIT Order) and Conditions 33 and 34 contained in section C of the Standard Conditions of Electricity Supply Licences (the SLCs) provide the statutory and legal basis for the scheme.

1.4. The Government's consultation the modifications to the SLCs closed in January 2010. The finalised proposals were laid before Parliament in February 2010 and came into effect on 1 April 2010. Section C to the SLCs requires all Licensed Electricity Suppliers to comply with conditions 33 and 34, and fulfil subsequent provisions detailed in the Schedule to Section C.

1.5. The FIT Order sets out certain definitions, parameters and powers in relation to the administration of the FIT scheme. In particular, it contains details on eligibility, registration and the role of Ofgem. It was laid in Parliament in March 2010 and came into effect on 1 April 2010.

1.6. The introduction of the FIT scheme meant that a number of changes needed to be made to the Renewables Obligation (RO). Articles 17B – 17E of the RO Order 2010 provide transitional arrangements for existing and new stations. Article 17B removes all Microgenerators (i.e. those with a Declared Net Capacity of 50kW and below) eligible for FIT Payments from the RO, whilst 17C - 17D gives Small Generators (i.e. those with a Declared Net Capacity of over 50kW up to 5MW) a choice between the FIT scheme and RO.

Administration of the FIT scheme

1.7. Ofgem is required to administer the behind the scenes functions of the FIT scheme. This document explains how Ofgem will administer the FIT scheme and sets out what Licensed Electricity Suppliers are expected to do to comply with the provisions in the SLCs.

1.8. At all times, the onus is on the Licensed Electricity Suppliers to ensure that they comply with the SLCs. While this document is not intended to provide comprehensive legal advice on how the FIT Order and SLCs should be interpreted, it is intended to facilitate the efficient operation on the FIT scheme.

1.9. FIT Licensees are the main contacts and administrators of the FIT scheme. Their role is to take Generators through the registration process and provide FIT payments for generation, and/or export outputs.

1.10. Because the FIT scheme has been in operation for more than six months, Ofgem considers that there is a need to amend the existing guidelines in order to provide more clarity on certain aspects of the FIT scheme administration. Following the responses to this consultation, we will finalise Version 2 of the Feed-in Tariff Scheme: Guidance for Licensed Electricity Suppliers. Licensed Electricity Suppliers are encouraged to adhere to the decision document to facilitate the effective administration of the FIT scheme.

Structure of the consultation and timetable

1.11. This document has been divided into ten chapters. The structure of this document is very similar to Version 1 of the Feed-in Tariff Scheme: Guidance for Licensed Electricity Suppliers published in May 2010, although some chapters have been merged for the ease of reference. Details on the amendments to this guidance, or where Ofgem is seeking consultees' views, are provided below:

- Chapter 2 sets out the basic roles of Licensed Electricity Suppliers within the FIT scheme. This chapter now includes the role of Ofgem in administering the FIT scheme and annual FIT Notification process for Licensed Electricity Suppliers. There also are no questions relating to this chapter.
- Chapter 3 sets out the basic responsibilities of FIT Licensees for determining Eligibility and Registering and Accrediting Installations under the FIT scheme. We have included further guidance on grants and generators' eligibility in the Grant section and have consolidated the sections on Registering Existing Installations, ROO-FIT and MCS Accreditation into one section on Accreditation. We have also provided more details on the switching process and licensees' responsibilities when registering new installations. In this chapter, we are asking for views on our proposal for switching installations sharing the same meter.
- Chapter 4 provides guidance on making and calculating FIT Payments. It now includes details on determining the Eligibility Date and Eligibility Period. We have

provided more information in the sections on Calculating Generation Payments, Calculating Export Payments and Commencing Payments. There are no questions relating to this chapter.

- Chapter 5 provides guidance on how to assess generation sites with multiple installations of the same technology type. Additional clarification on determining the appropriate Tariff Band has been provided in this chapter. There are no questions relating to this chapter.
- Chapter 6 has been added to this Guidance to provide more clarity on what constitutes a compliant meter and how to verify meter readings submitted by FIT Generators. In this chapter, we are asking for comments on our proposed enhancement to the switching process and for suggestions on an alternative framework for verifying Generation and Export Meter Readings without a site visit.
- Chapter 7 details the levelisation process in the FIT Scheme. It has been amended in light of the determination of the Qualifying FIT Costs for FIT Year 1 by the Secretary of State and inclusion of the value of net deemed export in the levelisation calculation. In this chapter, we are asking consultees to comment on the frequency and timetable for Periodic Levelisation and whether requiring FIT Licensees to provide more information as part of Annual Levelisation would add value.
- Chapter 8 now sets out how Ofgem will monitor compliance to minimise the opportunity and instances of fraud and other abuse in the FIT scheme. Auditing of Licensed Electricity Suppliers is discussed here. Responsibilities of the Licensed Electricity Suppliers with regards to audit and assurance are discussed throughout this Guidance document. In this chapter, we are asking for views on our auditing proposal.
- Chapter 9 details how to make a complaint and resolve a dispute in relation to the administration of the FIT scheme. This chapter now includes more information on handling disputes between FIT Generators and FIT Licensees. There are no questions relating to this chapter.

1.12. The consultation questions are listed in Appendix 1 of this document. Other supporting information or declarations can also be found in the appendices.

1.13. There will be a six week consultation period from the publication of this Guidance ending 15 March 2011 for all interested stakeholders to feedback on specific aspects of the Guidance. This consultation is not intended to cover all aspects of the Guidance because the FIT policy has not changed since the initial Guidance was published on 14 May 2010. Following this consultation, our decision document will be published in May 2011 detailing our final decision on the consulted aspects.

Enforcement

1.14. Any requirement placed on Licensed Electricity Suppliers under Section C of the SLCs is a relevant condition for the purposes of section 25(8) of the Electricity Act 1989. Ofgem may use its enforcement powers under the Electricity Act 1989, if it has grounds

to believe that a Licensed Electricity Supplier is contravening or is likely to contravene a relevant requirement. Such action may be way of an order for securing compliance. Where a Licensed Electricity Supplier has contravened or is contravening a relevant requirement, Ofgem may take action by the imposition of a penalty.

2. The role of Licensed Electricity Suppliers and Ofgem in the FIT scheme

This chapter sets out the basic role of Licensed Electricity Suppliers and Ofgem within the FIT scheme. It now includes the annual FIT Notification process (previously in Chapter 8). Because this chapter refers to the definitions in the SLCs, there are no questions relating to this chapter.

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 FIT Payments to Eligible Generators. 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 the FIT scheme for the duration of the FIT Year (1 April - 31 March) in which they enter.

2.4. Mandatory and Voluntary FIT Licensees (collectively known as FIT Licensees) are responsible for delivering a range of aspects of the FIT scheme, including assessing whether an Installation is Eligible, registering Eligible Installations on the Central FIT Register (See Chapter 3), making FIT Payments (See Chapter 4) and verifying Generation and Export Meter Readings (See Chapter 6).

2.5. All Licensed Electricity Suppliers will be required to contribute to the cost of the FIT scheme through participation in the Levelisation Process (See Chapter 7).

Annual FIT Notification

2.6. By 14 February of each FIT Year, all Licensed Electricity Suppliers must notify Ofgem whether 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.

2.7. In FIT Year 1, the FIT Notification was required to be submitted to Ofgem by 30 June 2010.

Notification

2.8. This section has been added to detail how the FIT Notification process will work.

2.9. The notification needs to refer to the number of domestic customers on the previous 31 December and detail any affiliates related to the Licensed Electricity Supplier. Under the SLCs, an "affiliate" is: a) a holding company, b) a subsidiary, or c) a subsidiary undertaking of a holding company as defined in the Companies Act 2006.

2.10. The notification date for determining the FIT status is the same as that under the Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP). The combined CERT and CESP Notification needs to be made by 14 February 2011 and 2012. Ofgem therefore proposes to amend the CERT and CESP template to include the FIT status declaration.

2.11. Voluntary FIT Licensees, who are not party to the CERT and CESP obligation, will be required to make a separate FIT Notification to Ofgem.

Exiting the FIT Scheme

2.12. Mandatory FIT Licensees are not able to withdraw from participating in the FIT scheme.

2.13. Mandatory FIT Licensees, whose circumstances alter such that they no longer satisfy the definition of a Mandatory FIT Licensee, shall remain in the FIT scheme as a Mandatory FIT Licensee until the following 31 March.

2.14. Mandatory FIT Licensees who cease to continue to be a Mandatory FIT Licensee and do not elect to become a Voluntary FIT Licensee are required to notify all FIT Generators registered with them that they will not be continuing to operate as a FIT Licensee the following FIT Year. They are required to allow a notice period of at least 6 weeks from the FIT Withdrawal Notification date.

2.15. Mandatory FIT Licensees who cease to continue to be a Mandatory FIT Licensee and elect to become a Voluntary FIT Licensee are required to notify all FIT Generators registered with them of the change in their FIT status. They are also required to make it clear to those FIT Generators to whom they will no longer be obligated to be a FIT Licensee whether they will continue to act as their FIT Licensee. They are required to allow a notice period of at least 6 weeks from the FIT Withdrawal Notification date.

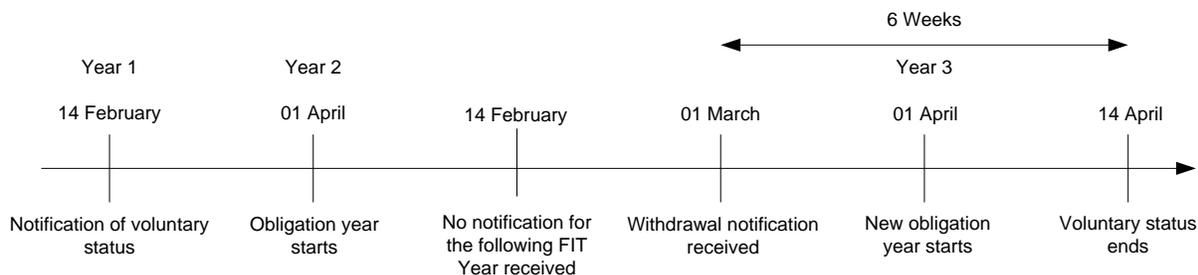
2.16. This paragraph has been updated since the previous Guidance to clarify the timeline for withdrawing from the FIT scheme. Voluntary FIT Licensees who decide to withdraw from participation in the FIT scheme shall:

- Notify Ofgem of this decision
- Continue their existing obligations as a Voluntary FIT Licensee under the FIT scheme for the remainder of the FIT Year in which the FIT Withdrawal Notification has been made. However, if the FIT Withdrawal Notification is made after 14 February of a

given FIT Year, the Voluntary FIT Licensee shall continue its obligation for the next six weeks from its FIT Withdrawal Notification date. Figure 1 illustrates this.

- Notify the FIT Generators to whom they make FIT Payments of the change in status

Figure 1. Timeline for Voluntary FIT Licensees withdrawing from the FIT scheme



Obligations to offer FIT Services

Mandatory FIT Licensee

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

- its own electricity supply customers
- an electricity supply customer of a Licensed Electricity Supplier who is not a Mandatory FIT Licensee
- 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)

2.18. Notwithstanding its obligation, 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

2.19. 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 Microgenerator (i.e. with a Declared Net Capacity of 50kW or less) and who is an electricity supply customer of the Voluntary FIT Licensee.

2.20. Notwithstanding its obligation, 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

2.21. Licensed Electricity Suppliers cannot offer FIT Services unless they either notify Ofgem that they are a Mandatory FIT Licensee or notify Ofgem that they are electing to become a Voluntary FIT Licensee.

2.22. If approached by a Generator for the provision of FIT Services, Licensed Electricity Suppliers who are neither a Mandatory nor a Voluntary FIT Licensee should inform the Generator that they do not provide FIT services and direct the Generator towards the list of FIT Licensees maintained by Ofgem. It can be found at www.ofgem.gov.uk/fits.

2.23. Licensed Electricity Suppliers' obligations to offer FIT services are summarised below:

Table 1. Licensees' obligations to offer FITs

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

Responsibilities of FIT Licensees in the FIT scheme

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

- i. taking all reasonable steps to verify that a FIT Generator/Applicant's Installation is eligible for the FIT scheme and the information provided by the FIT Generator/Applicant is accurate
- ii. registering Eligible Installations (both MCS FIT Accredited and ROO-FIT Accredited) onto the Central FIT Register, if that Installation is not already registered

- iii. taking all reasonable steps to ensure the data placed on the Central FIT Register for Installations registered to receive FIT Payments from them is accurate, and, if necessary, updating and amending the Central FIT Register with new information regarding Installations and Generators
- iv. taking all reasonable steps to acquire Generation and/or Export Meter Readings and satisfy themselves that these Generation and/or Export Meter Readings are reasonable and within Expected Tolerances for that particular Installation at least once every two years
- v. calculating FIT Payments using the information held on the Central FIT Register and by the FIT Licensee (including meter readings)
- vi. making FIT Payments to FIT Generators and Nominated Recipients in accordance with the information held on the Central FIT Register
- vii. ensuring that FIT Generators and Nominated Recipients only receive FIT Payments for which they are eligible
- viii. assisting Generators with applying to join the FIT scheme and providing a reasonable level of customer service
- ix. ensuring that FIT Generators registered with the FIT Licensee for both their electricity supply and FIT Generation Payment, and/or FIT Export Payment are not discriminated unreasonably in terms of changing electricity supplier or the price paid for electricity supply

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

- is complete and accurate
- is capable of being easily understood by the FIT Generator
- does not mislead the FIT Generator
- 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)

2.26. As the FIT scheme develops, Ofgem will monitor the experiences of FIT Generators and consumers and will look to issue further advice to FIT Licensees on how to deal with consumers and FIT Generators, if appropriate.

Role of Ofgem in the FIT scheme

2.27. Ofgem's key role is administering the behind the scenes functions of the FIT scheme. Those functions include:

- establishing and maintaining the Central FIT Register
- calculating periodically and annually the FIT 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 SLC and the FIT Order
- directly accrediting Eligible Generation Installations which are greater than 50kW in Declared Net Capacity, or use Anaerobic Digestion (AD) technology in generating electricity
- publicly reporting on Licensed Energy Suppliers' compliance, the total number of FIT Generators registered on the Central FIT Register, the number of MWh generated and FIT Payments made under the FIT scheme

3. Eligibility, Accreditation and Registration

This chapter sets out the basic responsibilities of FIT Licensees for determining Eligibility and Accreditation under the FIT scheme. It also sets out the basic steps required when registering FIT Generators onto the Central FIT Register.

Since the publication of the Guidance for Licensed Electricity Suppliers in May 2010, the European Commission has provided its State Aid decision. We have included further guidance on grants and Generators' eligibility in the Grant section. We have consolidated the sections on Registering Existing Installations, ROO-FIT and MCS Accreditation into one section on Accreditation. We have also provided more details on the switching process and licensees' responsibilities when registering new installations.

Question 1: Views are invited on whether our proposal for managing switching of installations sharing the same meter is appropriate (paragraph 3.92).

Definitions

3.1. Installations with a declared net capacity of 50kW or less are referred to as Microgenerators.

3.2. Installations with a declared net capacity of above 50kW and less than 5MW are referred to as Small Generators.

Basic Eligibility Criteria

3.3. The FIT Order defines "Eligible Low Carbon Energy Sources" for the purpose of the FIT Scheme as the following sources of energy or technology:

- Anaerobic Digestion, as defined in the RO Order 2009
- Hydro Generating Station, as defined in the RO Order 2009
- Combined Heat and Power (CHP) with an electrical capacity of Declared Net Capacity of 2kW or less
- Solar Photovoltaic (PV)
- Wind

3.4. This paragraph has been updated since the previous Guidance. Micro CHP stations that have a Declared Net Capacity of 2kW or under are eligible to join the FIT scheme on a pilot scheme basis. This means that only the first 30,000 micro CHP stations registered on the Central FIT Register are Eligible for FIT Payments.

3.5. Only Eligible Installations within Great Britain will be accredited under the FIT scheme.

3.6. This paragraph has been updated since the previous guidance. To be eligible to join the FIT scheme, the Declared Net Capacity of an Installation of the same technology type on a site must not exceed 5MW (2kW in the case of CHP). The Installation must be MCS-Certified or be ROO-FIT Accredited. This includes installations situated Off-Grid.

3.7. 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 FIT Installation and that I fully understand that any electricity generated but not so used will not be eligible for FIT payments."

3.8. Installations on sites subject to a Non-Fossil Fuel Obligation (NFFO) arrangement will be ineligible to join the FIT scheme. However these installations may still be eligible for the RO under certain circumstances.

3.9. This paragraph has been added to provide more clarity on metering requirements. In order to be eligible for FIT Payments, Installations must also have a compliant Generation and/or Export Meter in place. However, if an Installation exports all its electricity generated to the National Grid, it does not have to have a Generation Meter in place.

Determining a "Site"

3.10. Determining what constitutes the "Site" 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.

3.11. "Site" is determined with reference to the relevant Metering Point Administration Number (MPAN), Installation location address (including post code) and/or Installation location OS grid reference. Ofgem has the discretion to consider any other factors it views relevant. For example, we would also consider the planning situation and any electrical or mechanical interactions between the Installations.

3.12. A domestic or non domestic postal address at which an Installation or several Installations are located should normally be viewed as a single Site for the purpose of the FIT scheme. In areas where no postal address exists, the OS grid reference of the Generation and Export Meters will be taken into account. The area served by the Meters will normally be viewed as a single Site for the purposes of the FIT scheme.

3.13. Ofgem may issue further guidance on determining a "Site" in light of experience operating the FIT scheme.

Grants

3.14. This section now includes more information on how to treat Installations in receipt of a grant from public funds.

3.15. 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 scheme until such grants have been paid back. This covers most grants awarded by and on behalf of both central and local departments and agencies.

3.16. There are certain specific circumstances where a Generator may be entitled to receive FIT Payments, notwithstanding the receipt of a grant from a public body. There are three exemptions to the general FIT and grants rules. These are as follows:

- Permitted grant
- Compliance with the EC's rules on de minimis State Aid
- Non-standardised costs exemption

Permitted grants

3.17. A grant from public funds is a 'permitted grant' (defined in Article 8 of the FIT Order) where it was:

- a. a grant made before 1 April 2010 in respect of costs of an Eligible Installation which was commissioned before 15 July 2009, or
- b. a grant made before 1 April 2010 in respect of costs of an Eligible Installation on a residential property which was commissioned between 15 July 2009 and 31 March 2010.

3.18. Where a grant meets the 'permitted grant' definition, the installation owner will be eligible to receive FIT Payments and retain the grant.

Compliance with the EC's rules on de minimis aid

3.19. Where a grant is not a "permitted grant", the recipient may still be entitled to FIT Payments without having to repay the grant, if the circumstances meet the European Commission (EC) de minimis rules on State Aid.

3.20. If the overall support to be received from public funds does not exceed thresholds specified in the de minimis regulations, the Installation may be eligible to receive FIT Payments and retain the grant, provided all other eligibility criteria are met.

3.21. Before being entitled to receive FIT Payments, the Generator will be required to sign a declaration confirming that:

- the total value of public financial assistance they have received in relation to any economic activities – this relates to any grants received from a public body and is not

limited to grants received for the Installation - has not exceeded the de minimis aid levels of support

- they will notify Ofgem or their FIT Licensee immediately, if the de minimis levels of support are exceeded, or if they think they are likely to be exceeded

3.22. The declaration to be used in such circumstances is available in Appendix 4.

Non-standardised costs exemption

3.23. Where a grant is not a 'permitted grant' and does not comply with EC rules on de minimis State Aid, the Generator may still be entitled to receive FIT Payments and retain the grant. This applies where the Generator can demonstrate to Ofgem that they have incurred justifiable non-standardised costs and that the combination of grants and FIT Payments for the installation will not result in over-compensation.

3.24. Non-standardised costs are those additional costs incurred as a result of measures directly related to delivering additional environmental benefit or mitigating environmental harm. This may include, for example, measures to protect fish and other wildlife in small hydro schemes. Additional costs associated with land acquisition or inefficient or poorly located installations would not be justified non-standardised expenditure.

3.25. The costs and returns associated with PV, wind and micro CHP under the FIT scheme are relatively standardised as installations are based on manufactured components installed in standardised ways. In the majority of cases we do not, therefore, expect that installations in these technology classes will have justifiable additional costs.

3.26. Any installation owner seeking to use this exemption should contact Ofgem.

Repayment of a grant

3.27. Where a grant does not meet any of the above exemptions, the grant would need to be repaid in order for the Installation to be eligible for the FIT scheme. Where repayment is required, the full grant level will need to be repaid before the installation is eligible for the FIT scheme. In the first instance, the grant issuer should be contacted to discuss repayment options.

Off-Grid Installations

3.28. If a generator is Off-Grid, cannot export its electricity and generates only for its own use, it is unlikely that it will be generating electricity as an economic activity.

3.29. Where an Off-Grid Installation is in receipt of a grant from public funds and wishes to claim FIT payments, the owner will be required to declare that the installation:

- is not an undertaking by virtue of carrying on any other economic activity, and
- does not sell any of the electricity it generates

Accreditation

3.30. For more clarity, this section comprises of information previously covered under the Basic Eligibility Criteria, MCS-Certified Registration, ROO-FIT Accreditation and Registering Existing Installations accredited under the Renewables Obligation sections.

3.31. Accreditation routes for new Installations commissioned on or after 1 April 2010 are summarised in Table 2.

Table 2. Accreditation routes for new Installations

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	

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

3.32. The basis flow for determining eligibility for participating in the FIT scheme is presented in Figure 2.

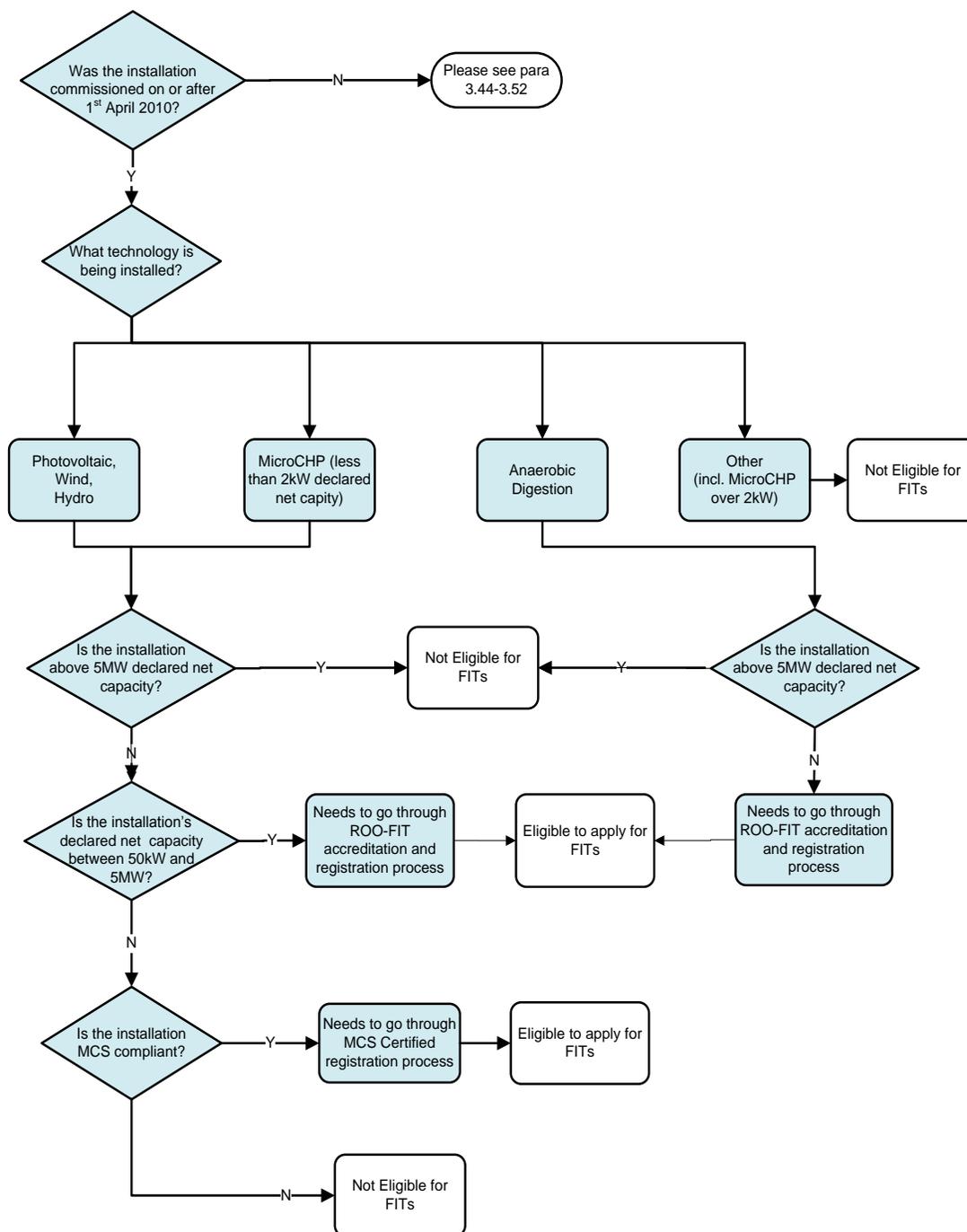
MCS accreditation

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

- PV with a Declared Net Capacity of 50kW or less
- Wind with a Declared Net Capacity of 50kW or less
- Hydro with a Declared Net Capacity of 50kW or less
- CHP with an electrical capacity of Declared Net Capacity of 2kW or less

3.34. This means that Installations using these technologies must be commissioned by a MCS-Certified Installer using a MCS-Certified Product, or be certified under an equivalent scheme.

Figure 2. Flow chart of basic eligibility for participation in the FIT scheme



3.35. For a scheme to be considered 'equivalent', it must be accredited under EN 45011. Further information about accreditation under EN 45011 is available from the UK Accreditation Service (UKAS): www.ukas.com.

3.36. Currently, products covered by the Solar Keymark and products covered by the MCS transition arrangements are viewed as being equivalent schemes. Currently, no installer scheme is recognised as being an equivalent. Given that, all Installations must therefore be carried out by a MCS-Certified Installer.

3.37. FIT Licensees are responsible for determining eligibility and 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. However, a MCS Certificate does not automatically mean that the installation is eligible for the FIT scheme. All Installations are required to meet the basic criteria set out in the above section.

3.38. Once a FIT Licensee has taken the decision that an Installation is eligible and that it accepts the Installation, it registers the Installation on the Central FIT Register.

3.39. FIT Licensees are required to obtain an initial Generation Meter Reading and/or Export Meter Reading as part of the registration process.

3.40. If an Export Meter is installed at a later date, the FIT Licensee should instruct the FIT 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

3.41. Small Generators, or AD installations, will be required to go through the ROO-FIT process. Ofgem will determine eligibility and award ROO-FIT accreditation. Successful applicants will be awarded a ROO-FIT Accreditation Number which FIT Licensees should use to register the Installation on the Central FIT Register. FIT Licensees will be able to verify a ROO-FIT Accreditation Number on the Central FIT Register.

3.42. For those technologies which are required to be ROO-FIT Accredited, Initial Generation Meter Readings for ROO-FIT Installation will be captured by Ofgem as part of the ROO-FIT accreditation process. However, initial Export Meter Readings 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, the FIT Licensee will be required to update the Central FIT Register accordingly. FIT Licensees should instruct FIT 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.

3.43. Small generators have a one off choice to either join the FIT scheme or RO. This decision will be made during the ROO-FIT Accreditation Process with Ofgem. Once accredited, that decision cannot be reversed.

Installations commissioned before 1 April 2010

3.44. This section refers to Existing Installations accredited under the RO. Since the deadline for the notification to migrate to the FIT scheme has passed, the Guidance has been revised to provide more clarity on the eligibility of those stations.

Microgenerators

3.45. Microgenerators who commissioned after 15 July 2009 and have the necessary MCS Certificates can apply directly to a FIT Licensee for FIT payments.

3.46. Microgenerators who commissioned before 15 July 2009, or commissioned after 15 July 2009 and do not have the necessary MCS Certificates, are not eligible for FIT Payments, unless they applied for accreditation under the RO prior to 1 April 2010. Microgenerators who missed the 31 March 2010 deadline are no longer eligible to apply for the RO.

3.47. Installations that fall into the category described in 3.46 must have provided Ofgem with written notification of their intention to migrate to the FIT scheme prior to 1 October 2010. Those installations will then be transferred from the ROO to FIT scheme once their RO accreditation has been confirmed.

3.48. We have asked DECC about those Generators who failed to provide their notification to Ofgem by 1 October 2010. DECC are currently considering the situation.

Small Generators

3.49. Small Generators commissioned before 15 July 2009 are not eligible to join the FIT scheme.

3.50. Small Generators commissioned between 15 July 2009 and 31 March 2010 were able to join the FIT scheme from 1 April 2010, if they notified Ofgem of their decision to migrate before this date. However, if notification was made on or after 1 April 2010 (and before 31 August 2010), they will be eligible to receive FIT payments from 1 April 2011. The Generators will be able to claim ROCs until 31 March 2011.

3.51. All migrating Generators will receive the FIT 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).

3.52. Ofgem will facilitate the migration of Small Generators from the RO onto the Central FIT Register. Once completed, a Confirmation Email will be sent to the nominated FIT Licensee. FIT Licensees are then required to check with the FIT Generator that the information held on the Central FIT Register is correct.

Registration of Eligible Installations

3.53. Once FIT Licensees are satisfied that a FIT Applicant meets the requirements for eligibility, they will be required to collect and verify the data outlined in Appendix 2 of this document. Once this data has been collected, FIT Licensees are required to create a new entry for the FIT Applicant on the Central FIT Register.

3.54. This paragraph has been updated since the previous Guidance. All Generators have to make an initial choice whether to receive the guaranteed FIT Export Payment or to sell exported electricity on the open market. A FIT Licensee is required to explain this choice to FIT Generators, record their decision and enter this decision onto the Central FIT Register. Generators will be unable to change that selection until at least the first anniversary of the Confirmation Date. After the first anniversary, FIT Generators shall be permitted to change their selection, but no more than once every 12 months.

3.55. In circumstances where a FIT Generator does not have the ability to export to the National Grid, they will not be required to make a choice at registration. They can defer such a decision until they have the necessary connection and equipment in place.

3.56. FIT Licensees are required to register all Eligible Installations by entering the required details of an Eligible Installation onto the Central FIT Register. An Eligible Installation will not be classed as registered until the FIT Licensee has received confirmation from Ofgem that the Generator is entered onto the Central FIT Register. The date on which this occurs is known as the Confirmation Date.

3.57. On the registration process is complete, the Confirmation Email listing the key information about the Eligible Installation such as the Unique FIT ID, Tariff Code, Eligibility Date and Confirmation Date will be sent to a FIT Licensee. There will also be an on screen confirmation that the Installation has been registered.

3.58. Once an Installation is confirmed to be registered to a FIT Licensee, the FIT Licensee and FIT Generator should agree a Statement of FIT Terms before FIT Payments can begin.

Central FIT Register and Data Protection

3.59. Ofgem is required to establish and maintain the 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 the FIT scheme. In addition, Ofgem has a statutory obligation to publish certain statistical information from the Central FIT Register.

3.60. 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 Central FIT Register with terms and conditions of use of the Central FIT Register. These will enshrine the principles of confidentiality which are to be upheld by all parties at all times. It will also prescribe limits on what data can be provided to any party by Ofgem 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

3.61. This section has been updated to provide more clarity on the types of documents required to verify that information from FIT Generators is accurate.

Identity checks

3.62. When registering an Eligible Installation, a FIT Licensee is required to ensure that the identity of FIT Generators and Nominated Recipients 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. Examples of identification are a photocopy of:

- Passport
- Driving licence
- Or equivalent identification document (fire arms licence/national identity card)

3.63. A FIT Licensee must request Domestic Installation owners to provide proof of address. This may take form of utility bills, bank statements, council tax bills or equivalent documents, unless these records are already held by the FIT licensee by virtue of an existing business relationship. Alternatively, a FIT Licensee may rely on a credit agency reference check to confirm proof of address.

3.64. Non-Domestic Installation owners must provide details of their company registration. Not-for-profit organisations have to provide proof of identity and address of the organisation.

Ownership checks

3.65. FIT Licensees are also responsible for establishing 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. The FIT Licensee should obtain:

- a receipt or other documentation stating ownership, or the transfer of ownership from the previously stated owner (invoices may be accepted if the values are redacted to protect commercial interest)
- a copy of the sale and purchase agreement transferring ownership from one party to another as part of a property sale, or equivalent documentation. An MCS Certificate or ROO-FIT accreditation letter may hold a FIT Applicant's name, however these are not satisfactory documents to prove ownership

3.66. 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. Where an Installation is owned by a company or third party via a private financial scheme/programme, FIT Licensees should:

- Verify the documents relating to ownership of the Eligible Installation, and
- Check and obtain copies of the agreement between the relevant parties

3.67. Any assignment rights of a Nominated Recipient must be 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.

Eligibility checks

3.68. FIT Licensees must ensure that the Installation in question is eligible for the FIT scheme with respect to the Installation technology, size, accreditation and commissioning date.

3.69. 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 the FIT scheme, FIT Licensees are required to verify that the certification or accreditation details given by an applicant (normally a MCS Certificate Number or Ofgem ROO-FIT Number) is valid and relates to that Installation. 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.

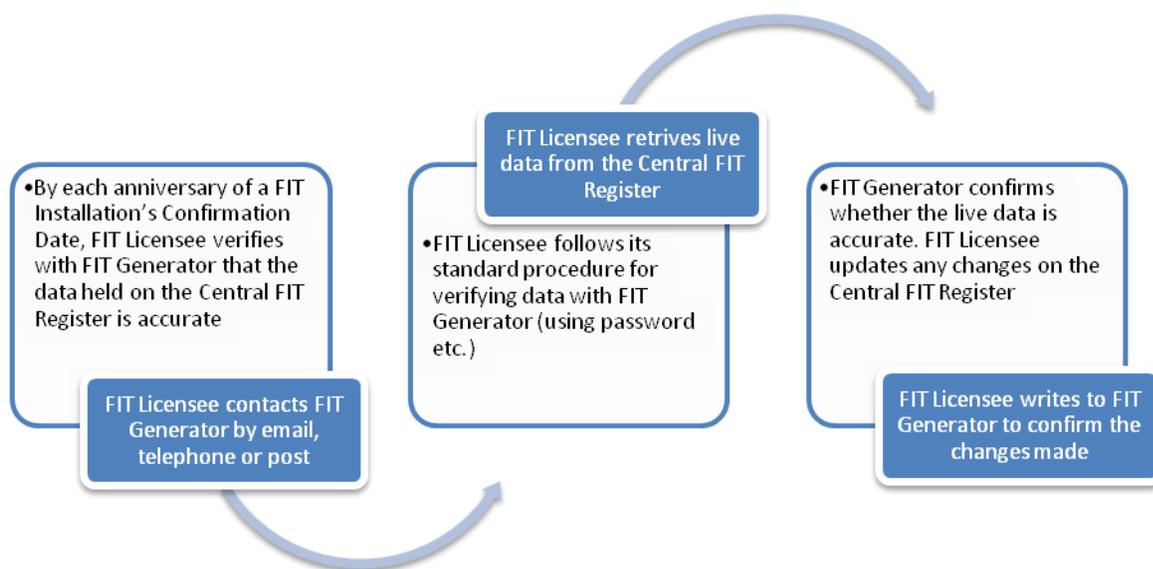
3.70. It is a requirement that any documentation or records referred to in this section are kept by the FIT Licensee for a period of 5 years and are made accessible for auditing by Ofgem and any organisation appointed by Ofgem. Electronic records are permitted for the purpose of complying with this requirement.

3.71. FIT Licensees are required to take all reasonable steps to verify the information given to them by a FIT Generator or Applicant is accurate. 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 documentation of proof of

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

3.72. Ofgem expects 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, no less than annually. FIT Licensees may wish to build this requirement into their meter reading collection processes. The process for annual data checks set out in Figure 3 is for illustration only. Further guidance can be obtained from Ofgem’s Central FIT Register and Fraud Prevention Manager.

Figure 3. A summary process to verify information provided by FIT Generators



Suspension and removal from the Central FIT Register

3.73. 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
- fraud or abuse of the FIT scheme is suspected
- a Statement of FIT Terms is in breach, or
- Ofgem have good reason to believe that a FIT Payment should not have been made

3.74. FIT Licensees shall not make any FIT Payments to a FIT Generator or Nominated Recipient, if Ofgem informs the FIT Licensee that a FIT Generator or Eligible Installation has been suspended or removed from the Central FIT Register. Suspending an Eligible Installation 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 Installation from the Central FIT Register, it will write to the FIT Licensee and FIT Generator and explain what actions are being taken and why. If the suspension is lifted, Ofgem will again write to the FIT Licensee and FIT Generator confirming that the suspension has been lifted.

3.75. FIT Licensees are required to promptly inform Ofgem's Central FIT Register and Fraud Prevention Manager when they have reason to believe an error has occurred in relation to a FIT Generator or FIT Installation's eligibility, or that there is the possibility of fraud or abuse of the FIT scheme. 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 corrected or any investigation into suspected fraud or abuse has been concluded.

3.76. When fraud or scheme abuse is suspected, 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

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

3.78. 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. This should include explaining to the Generator its obligations with regards to agreeing declarations, providing information and deciding payment terms.

3.79. Following the receipt of a Confirmation Email from Ofgem, the FIT Licensee should not delay agreeing the Statement of FIT Terms in writing. If a FIT Generator and FIT Licensee cannot agree a Statement of FIT Terms, the FIT Licensee should not begin FIT Payments.

3.80. In certain circumstances, the FIT Licensee and FIT Generator may wish to extend the 10 working day period. There are no restrictions on extending this period, if both parties agree.

3.81. The Statement of FIT Terms is required to:

- be in writing

- include the Principal FIT Terms (as detailed in Schedule A of the SLCs and reproduced in Appendix 3 of this document)
- take due account of this guidance document

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

- a. 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 the FIT scheme by the FIT Licensee and Ofgem
- b. 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"
- c. 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
- d. A term requiring the FIT Generator or Nominated Recipient to make a declaration that the information they provide is complete and accurate
- e. A term requiring Generation and Export Meters to be located, where 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
- f. A term requiring the FIT Generator to confirm that they are not in receipt of any grants which may make their Installation ineligible for the FIT scheme

Failure to agree a Statement of FIT Terms

3.83. In order to minimise the potential for the rejection of Statement of FIT Terms by the FIT Generator, FIT Licensees are strongly encouraged to provisionally agree the Statement of Terms during the FIT registration process.

3.84. FIT Licensees should also look to accommodate the particular circumstances of a FIT Generator, if they believe it to be reasonable to do so.

3.85. If a FIT Applicant and a FIT Licensee cannot agree the Statement of FIT Terms within ten working days, the FIT Licensee may decide to discontinue the FIT registration process. The discontinuation of the registration process should be notified to the Central FIT Register and Fraud Prevention Manager at fitregister@ofgem.gov.uk.

3.86. On discontinuing the registration process the FIT Licensee is required to notify the FIT 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 with by the FIT Licensee. The FIT Applicant should be advised that if they believe the FIT Licensee is in breach of their obligations under the SLCs, they can make a formal complaint in writing to Ofgem's FIT Compliance Manager at fitcompliance@ofgem.gov.uk or 9 Milbank, London, SW1P 3GE.

3.87. The discontinuation of the application will not affect the Eligible Installation's Eligibility Date. The relevant entry of the Central FIT Register should be updated as soon as reasonably practical by the FIT Licensee to reflect that the FIT Licensee is no longer acting in that role for the Eligible Installation. 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.

Breaching the Statement of FIT Terms

3.88. 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) and request that the appropriate entry is suspended on the Central FIT Register.

Switching between FIT Licensees

3.89. The switching process has been developed since the previous guidance was published, therefore this section has been updated.

3.90. 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.

3.91. The Central FIT Register will facilitate the switching process. FIT Licensee shall check the status of the Generator on the Central FIT Register and request the switch from the Generator's current FIT Licensee. If the Generator's current FIT Licensee gives consent to the switch, both FIT Licensees shall agree the Switch Date and a Generation and/or Export Meter Reading at the time of the switch. Both FIT Licensees and the FIT Generator will be notified once the switch is complete.

3.92. When a FIT Generator decides to switch to another FIT Licensee, we propose that all installations sharing the same meter should switch to the same FIT Licensee.

3.93. When checking the status of the FIT Generator, the Central FIT Register will indicate whether any meter sharing arrangements occur. However, it is also the

responsibility of the FIT Licensee to ensure that all installations sharing the same meter are being switched.

3.94. **Question 1:** Views are invited on whether our proposal for managing switching of installations sharing the same meter is appropriate.

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

3.96. The new FIT Licensee shall follow the same process regarding identity and ownership checks and agreeing a Statement of FIT Terms with the FIT Generator as highlighted in paragraphs 3.62 - 3.67 and 3.77 - 3.82 respectively.

3.97. The old FIT Licensee shall be obliged to pay all FIT Payments due to the FIT Generator up to the Switch Date.

4. FIT Payments

This chapter provides guidance on making and calculating FIT Payments. It now includes details on determining the Eligibility Date and Eligibility Period (previously in Chapter 6). We have provided more information in the sections on Calculating Generation Payments, Calculating Export Payments and Commencing Payments. There are no questions relating to this chapter.

General Principles

4.1. This paragraph has been updated. FIT Payments can be broken down into two main components:

- a. FIT Generation Payment - A payment by the FIT Licensee to the FIT Generator or Nominated Recipient for every kWh generated by the Eligible Installation. The Generation Tariff Rates for all Eligible Installations are provided in the SLCs.
- b. FIT Export Payment - A payment by the FIT Licensee to the FIT Generator or Nominated Recipient for every kWh exported that a FIT Generator requested to receive payments for from the FIT Licensee. A FIT Generator is not entitled to FIT Export Payments, if it does not have the ability to export electricity or has chosen to negotiate a price for the exported electricity on the open market. The FIT Export Tariff Rate is provided in the SLCs.

4.2. FIT Payments are normally due from the Eligibility Date for the entirety of the Eligibility Period unless:

- the payments are suspended or withheld on instruction by Ofgem
- the FIT Generator is suspended from the Central FIT Register
- the Eligible Installation is suspended or removed from the Central FIT Register

4.3. This paragraph has been updated to clarify how the Tariff Rates will be adjusted. FIT Payments must be made at the rates set out under the SLCs. Ofgem updates them annually to take account of the Retail Price Index of the preceding calendar year and publishes them by 1 March before the start of the FIT Year. The adjusted Tariff Rates take effect from 1 April of a given FIT Year.

4.4. 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.

Eligibility Date

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

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

4.6. Table 3 provides examples of how the Eligibility Date should be determined.

Table 3. Examples of how the Eligibility Date is determined

Examples	Launch of the FIT scheme	Commissioning Date	Receipt of MCS-Certified application by FIT Licensee	Receipt of ROO-FIT application by Ofgem	Eligibility Date
Example 1	1 April 2010	1 August 2010	1 March 2010	-	1 August 2010
Example 2	1 April 2010	1 March 2010	1 June 2010	-	1 June 2010
Example 3	1 April 2010	1 July 2010	20 May 2010	-	1 July 2010
Example 4	1 April 2010	1 February 2011	-	1 December 2010	1 February 2011
Example 5	1 April 2010	1 April 2011	-	1 June 2011	1 June 2011

4.7. Receipt by a FIT Licensee of a FIT Applicant’s written request, means the receipt of the FIT Applicant’s MCS Certification, RO Accreditation or ROO-FIT Accreditation, initial Generation and/or Export Meter Readings, Installation location address including postcode, as well as the basic information about the FIT 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.

4.8. This paragraph has been revised to provide more clarity on how to deal with FIT Applicants without appropriate metering in place. If the start meter reading cannot be taken on the Eligibility Date, for example because the FIT Applicant does not have a compliant meter in place, a FIT Licensee may choose to deregister the FIT Applicant until it has the appropriate metering in place. Such a FIT Applicant will be required to reapply to the FIT Licensee once they have appropriate metering in place. If they reapply, a new Eligibility Date will be calculated for that FIT Applicant. This will ensure that the FIT Applicant receives FIT Payments for the duration of the Eligibility Period.

4.9. The Eligibility Date for FIT Applicants with RO or ROO-FIT Accreditation will be determined by Ofgem. It will be stated both on the Central FIT Register and in the RO migration or ROO-FIT Accreditation Letter.

Eligibility Period

4.10. 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.

4.11. For all new Installations Commissioned from 1 April 2010, and for Microgenerators, commissioned between 15 July 2009 and 1 April 2010, the Eligibility Period should commence on the Eligibility Date and expire after:

- 25 years, for PV
- 20 years, for Wind, Hydro and AD
- 10 years, for domestic fossil fuel Micro CHP

4.12. The Eligibility Period for Microgenerators commissioned before 15 July 2009 and transferring from the RO will expire on 31 March 2027.

4.13. For Small Generators commissioned between 15 July 2009 and 1 April 2010, the Eligibility Period shall expire on 1 October 2034 for PV, and on 1 October 2029 for Wind, Hydro and AD.

4.14. 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.

Nominated Recipients

4.15. 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.

4.16. 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 needs to record the assignment on the Central FIT Register.

4.17. Only the FIT Generator is able to instruct the FIT Licensee 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 FIT Generator's details or the FIT Installation's details on the FIT Licensee's systems or the Central FIT Register.

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

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

Commencing Payments

4.20. This section has been updated to provide more details on what constitutes a start meter reading for the purpose of FIT Payments.

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

- they are first satisfied that the information given by the FIT Generator or third party is accurate and the Installation meets the necessary FIT requirements
- the Installation has the necessary meters in place
- the Installation has the necessary entry on the Central FIT Register and the FIT Licensee has received a Confirmation Email from Ofgem, and
- a Statement of FIT Terms has been agreed between the FIT Licensee and the FIT Generator

4.22. Because FIT Payments are accrued by a FIT Generator or Nominated Recipient from the Eligibility Date, the start meter reading provided by the FIT Generator needs to be taken on the Eligibility Date to ensure that the FIT Generator is paid for the duration of the Eligibility Period.

4.23. In circumstances where a FIT Licensee operates a postal application process, the FIT Licensee must ensure that the application form, including the start meter reading, is received by the FIT Licensee within a reasonable timescale. For example, Ofgem considers that it is reasonable to allow 5 days from the date on which the application was signed to when it was received by the FIT Licensee to allow any delays in postage. If the application has been received a long time after it was signed, the FIT Licensee is obliged to contact the FIT Applicant to obtain another meter reading. This meter reading should be considered the start reading from which the FIT Applicant will be eligible for FIT payments.

Generation Payment

4.24. 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 FIT 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.

4.25. Unless a FIT Generator exports all electricity to the National Grid, a Generation Meter Reading is 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.

Calculation of Generation Payment

4.26. This section has been updated to provide more information on how calculate FIT Payments where more than one Installation share the same meter.

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

4.28. The FIT Licensee should then calculate how much Generation Payments is due to the FIT Generator or Nominated Recipient by reference to the details on the Central FIT Register, including relevant Tariff Code, and from Generation Meter Readings obtained from the FIT Generator or Nominated Recipient.

4.29. 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 Eligibility Date, type of technology and capacity of Installation.

4.30. Generation Meters which serve more than one Installation or technology are permitted, as long as only Installations which are eligible to receive FIT Generation Payments are connected to the meter.

4.31. If Generation Meters are connected to several Installations within the FIT scheme, FIT Licensees will be required to calculate what proportion of the electricity generated qualifies for FIT payments.

4.32. In circumstances where, for example, two technologies share the same Generation Meter, the lower of the two tariffs should be applied to all eligible generation.

4.33. The FIT Licensee should then make a 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.

FIT Export Payment

4.34. This section has been updated to reflect the checks that FIT Licensees are required to do and how to report the change of export status on the Central FIT Register.

4.35. In order to receive FIT Export Payments, all Eligible Installations over 30kW must have an Export Meter commissioned and registered under the Balancing and Settlement Code (BSC) and the FIT Generator must have elected to receive FIT Export Payments for the exported electricity. FIT Licensees must capture details of the Export Meter (including initial reading and MPAN) and record this on the Central FIT Register. FIT Licensees must check MPAN against the Electricity Central Online Enquiry Service (ECOES) database.

4.36. If a FIT Generator wishes to change its FIT Export Payment status, the FIT Licensee is required to amend the relevant entry on the Central FIT Register. However, the FIT Generator will be required to wait 12 months from when the initial choice was made for its FIT Export status to change. FIT Generators are permitted to change their FIT Export status, but no more than once every 12 months.

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

Deeming

4.38. For Eligible Installations which have a Total Installed Capacity of 30kW or less, they must utilise an Export Meter, if one is commissioned and registered under the BSC. For those Installations where an Export Meter is not available or is not registered under the BSC, deeming may be used in relation to their FIT Export Payment.

4.39. For those Eligible Installations where export is permitted to be deemed, 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.

4.40. In FIT Year 1 the determination is as follows:

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

4.41. If at a later date an Export Meter is commissioned and registered under the BSC, the exported electricity from the Eligible Installation will no longer be able to be deemed. FIT Licensees should update the Central FIT Register accordingly. It should be noted that even though the Central FIT Register is updated, the FIT Export Payment status of the Eligible Installation cannot be changed for the remainder of the 12 months since the original status of Deemed FIT Export was selected.

Calculating Export Payment

4.42. This section has been updated to provide more information on how calculate payments where more than one Installation share the same meter.

4.43. 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.

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

4.45. If Export Meters are connected to several Installations within the FIT scheme, FIT Licensee will be required to calculate what proportion of the electricity exported qualifies for FIT payments.

Reducing, recouping and withholding FIT Payments

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

4.47. All FIT Licensees have an obligation to take all reasonable steps to ensure any FIT Payments it has made reflect only what the FIT Generator or Nominated Recipient is entitled to.

4.48. If a FIT Licensee believes that in making a FIT Payment to a FIT Generator or Nominated Recipient it would contravene their obligations, it is required to notify Ofgem's Central FIT Register and Fraud Prevention Manager immediately. If Ofgem determines that a FIT Payment could result in the improper administration of the FIT scheme, it may suspend the relevant Eligible Installation(s) from the Central FIT Register.

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

4.50. 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

This chapter provides guidance on how to assess generation sites with multiple installations of the same technology type. Additional clarification on determining the appropriate Tariff Rate has been provided in this chapter. There are no questions relating to this chapter.

Definition

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

Calculation of Generation Payment when an Extension occurs

5.2. This section, particularly paragraphs relating to an Extension being part of the Original Installation have been updated to provide more clarity on how to determine a new Tariff Code for such an Installation.

5.3. If the combined overall Declared Net Capacity of a technology on a Site exceeds the upper limit placed on Eligible Installations (5MW Declared Net Capacity for all technologies except for CHP, where the maximum limit is 2kW), 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.

5.4. FIT Licensees are able to check overall capacity details for Sites with Accredited FIT Installations on the Central FIT Register.

5.5. Multiple Installations of the same technology type commissioned at the same time on the same Site will be regarded as one Installation. Such an Installation will have one Tariff Rate. The same Generation Meter can be used to record the quantity of electricity generated from all Installations.

5.6. 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. However, the new installation will have the same Eligibility Date as the original Installation.

5.7. If the new total Declared Net Capacity moves the combined Installation into a new Tariff Code, the whole Installation will receive the lower Tariff Rate from the date on which the Extension commissioned.

5.8. If the subsequent Extension is commissioned more than 12 months after the original Installation's Confirmation 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 the overall Declared Net Capacity. The entire capacity of all Commissioned Installations of the same technology type on that Site is taken into account when determining the tariff rate for the extension. 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 FIT ID on the Central FIT Register, as they will be one combined Eligible Installation.

5.9. This means that different Eligibility Periods may apply to different Installation components of an Eligible Installation, if the components were commissioned more than 12 months apart.

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

Additional capacity added to non FIT installations

5.11. This paragraph has been updated to provide more clarity on how to determine the Installation capacity. Where a Generator wishes to add additional capacity on a Site, where the existing Installation is outside of the FIT scheme, FIT Licensees should treat the extension as a new application to the FIT scheme in accordance with Chapter 3. This is with the exception of determining the Installation capacity, whereby the entire capacity of all Commissioned Installations of the same technology type on that Site is taken into account. The FIT installation will receive a tariff based on the combined capacity on that Site. The maximum Declared Net Capacity of the combined installation is 5MW (or 2kW for CHP).

5.12. A Generation/Export Meter Reading should be taken at the time when an Extension is commissioned. If no Generation/Export Meter Reading is taken, a pro rata calculation should be performed to calculate eligible Generation/Export Payments starting from the last Generation/Export Meter Reading. The pro rata calculation should be made on the entire period between Generation/Export Meter Readings, and not from when the Extension was commissioned. The lack of correct Generation/Export Meter Readings may mean that a FIT Generator or their Nominated Recipient will not receive the full FIT Payment due to the original Installation(s), if a new Tariff Rate is applied.

5.13. If a FIT Licensee suspects that an error has been made and an Installation has been extended but not reported, 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, the FIT Licensee should notify Ofgem and resume FIT

Generation/Export Payments in accordance with the Installation's entry on the Central FIT Register.

6. Metering Requirements

This chapter has been added to the Guidance to provide more clarity on what constitutes a compliant meter and how to verify meter readings submitted by FIT Generators. Information on metering was previously provided in Chapter 7.

Question 1: Comments are invited on whether the proposed enhancement to the switching process to capture the date when the meter reading was last verified is suitable in mitigating fraud (paragraph 6.14).

Question 2: Consultees are invited to comment on an alternative framework for verifying Generation and/or Export Meter Readings that would allow FIT Licensees to access meter readings without a site visit (paragraphs 6.16 to 6.17).

Definitions

6.1. All meters used in the FIT Scheme must comply with the relevant metering 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

General principles

6.2. Whilst FIT Licensees may not be responsible for the installation of Generation and/or Export Meters, they are responsible for ensuring that the necessary meters are in place before making FIT Generation and FIT Export Payments. With this in mind, FIT Licensees may wish to consider advising the FIT Generator as to what meters they are required to have in place. While the responsibility to ensure the right metering is in place rests with the FIT Generator, the FIT Licensee has an obligation to ensure that this is the case before making FIT Payments.

6.3. FIT Licensees are also responsible for verifying the accuracy of that initial Generation and/or Export Meter Readings. In the case of ROO-FIT, FIT Licensees can rely on the initial Generation and/or Export Meter Reading obtained during the ROO-FIT Accreditation process, when registering an Installation for the first time. If initial Generation and/or Export Meter Readings are not obtained, the FIT Licensee should discontinue the FIT registration process.

Tolerance checks

6.4. This section has been updated to provide further guidance on tolerance checks.

6.5. FIT Licensees have a duty to implement processes to detect abnormal Generation and/or Export Meter Readings. FIT licensees must fulfil this obligation by incorporating capacity factors based on the following:

- the type of technology installed
- the installed capacity of the installation

6.6. Additionally, FIT Licensees should consider incorporating the following factors into their processes:

- Estimated Annual Generation (as recorded by MCS installers)
- Historical meter readings
- Seasonal variations

6.7. Photographs can also be used to verify aspects of the Installations metering details.

6.8. Ofgem will monitor tolerance processes from time to time.

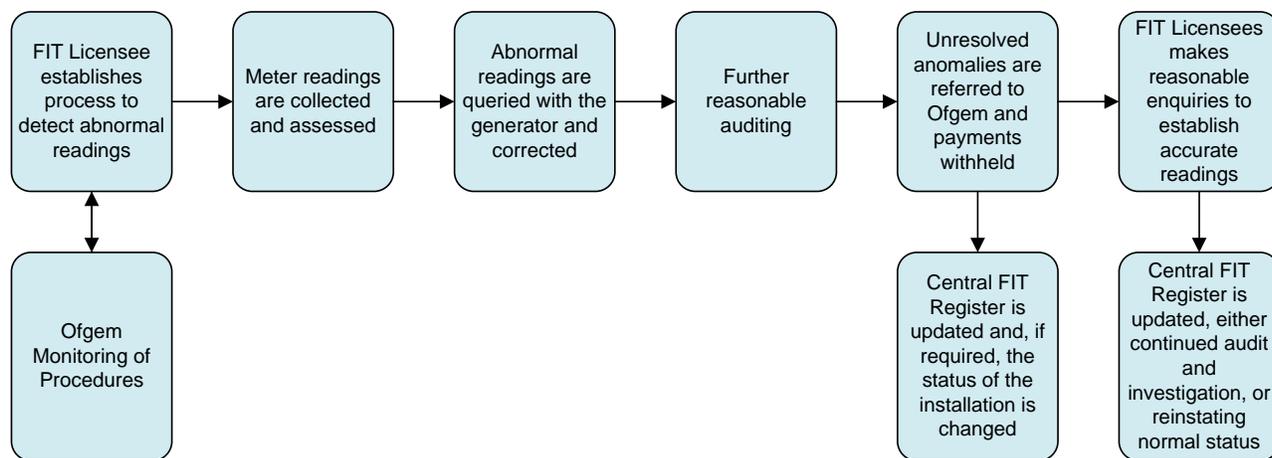
6.9. Generation and Export Meter Readings given by or on behalf of FIT Generators should be assessed against expected generation. If Generation and/or Export Meter Readings are noticeably different from the expected generation, FIT Licensees must query the Generation and/or Export Meter Reading. Under these circumstances, FIT Licensees must 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 abuse of the scheme.

6.10. Audits of Generation and/or Export Meter Readings should be proportionate to the level of abnormal readings, and can range from desk based investigation to on-site visits. If error is suspected, the FIT Licensee should inform Ofgem as reasonably possible and undertake further investigation into the possible error. Ofgem will then suspend the FIT Generator on the Central FIT Register. The FIT Licensee should suspend FIT Payments to the FIT Generator until the investigation is complete. If no error has been

made, or the error has been corrected, the FIT Licensee should notify Ofgem to update the Central FIT Register and resume FIT Payments in accordance with the Installation's entry on the Central FIT Register.

6.11. Figure 4 provides a summarised process for detecting abnormal meter readings.

Figure 4. A summary of processes to detect abnormal meter readings



Verifying meter readings

6.12. This section has been added to recognise that the two-year meter reading verification is a key control in mitigating fraud.

6.13. FIT Licensees are required to take reasonable steps to verify Generation Meter Readings and/or Export Meter Readings, at least once every two years from the Installation's Eligibility Date.

6.14. Because the two-year meter reading verification is a key control in mitigating fraud, it needs to be undertaken in the specified timeframe even if a FIT Generator changes the FIT Licensee. In order to ensure that meters are verified every two years, we propose that FIT Licensees collect the date on which the meter was last read during the switching process.

6.15. **Question 1:** Comments are invited on whether the proposed enhancement to the switching process to capture the date when the meter reading was last verified is suitable in mitigating fraud.

6.16. We expect that FIT 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.

6.17. 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.

6.18. **Question 2:** Consultees are invited to comment on an alternative framework for verifying Generation and/or Export Meter Readings that would allow FIT Licensees to access meter readings without a site visit.

6.19. It should be noted that the agreed Statement of FIT Terms should state clearly that the Generator is required to locate Generation and/or Export Meters in an accessible place, where possible, and take reasonable steps to allow access to them. It should be made clear to the FIT Generator that that the possible consequence of not complying with this requirement could be a suspension of FIT Payments.

6.20. Where it has not been possible to read or verify a Generation and/or Export Meter because access has been denied, the FIT Licensee should issue a warning to the FIT Generator, reminding them of the agreed Statement of FIT Terms and the possibility of FIT Payments being suspended.

7. Levelisation Process

This chapter details the levelisation process in the FIT Scheme. It has been amended in light of the determination of the Qualifying FIT Costs for FIT Year 1 by the Secretary of State and the inclusion of the value of net deemed export in the levelisation calculation.

Comments are invited on the following aspects of this chapter:

Question 1: Respondents are invited to comment on whether the quarterly levelisation process is the most appropriate or whether there should be a move to a more frequent process (paragraphs 7.14 to 7.20).

Question 2: Consultees are asked to present evidence on the costs and benefits to their organisation of a more frequent Periodic Levelisation process (paragraphs 7.14 to 7.20).

Question 3: In the absence of a more frequent levelisation process, is there scope for FIT Licensees to align FIT Payments to all FIT Generators with the quarterly levelisation process (paragraphs 7.14 to 7.20)?

Question 4: Respondents are asked to suggest any alternative way to carry out the levelisation process that would not be so administratively burdensome, but would achieve some of the benefits of the monthly process (paragraphs 7.14 to 7.20).

Question 5: If the frequency of Periodic Levelisation were to change, how much time would Licensed Electricity Suppliers need to adapt to this change (paragraphs 7.14 to 7.20)?

Question 6: To align with the principles of better regulation, it may be appropriate not to increase the frequency of Periodic Levelisation until the amount of money levelised reaches a certain level. Respondents are invited to comment on what the appropriate level should be (paragraphs 7.14 to 7.20).

Question 7: Comments are invited on whether the timetable we have in place for processing Periodic Levelisation Reports is appropriate. We welcome views on what an alternative timetable should be (paragraphs 7.22 to 7.30).

Question 8: We welcome views on whether a more frequent levelisation process would create any difficulties with this reporting timetable (paragraphs 7.22 to 7.30).

Question 9: We welcome views on whether Ofgem should require FIT Licensees to provide additional information in their Annual Levelisation Report to ensure that FIT Generators have received FIT Payments they are entitled to (paragraphs 7.36 to 7.37).

General Principles

7.1. This section has been updated to provide more information on each of the components required for levelisation.

7.2. The FIT Order 2010 states 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 FIT contribution made.

Market share

7.3. 'Share of the Great Britain electricity supply market' means the proportion of the amount of electricity supplied to customers in Great Britain by an Licensed Electricity Supplier less the amount of electricity it sourced from renewable sources generated outside of the UK to the amount of electricity supplied by all Licensed Electricity Suppliers to customers in Great Britain less the amount of any electricity they sourced from renewable sources which is generated outside of the UK.

7.4. 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 FIT Year. They must also relate to electricity supplied in that FIT Year.

FIT Payments

7.5. Guidance on making and calculating FIT Generation and Export payments is provided in Chapter 4.

Export Payments

7.6. For each FIT Year, the Secretary of State must determine the value of net metered and net deemed export. For FIT Year 1, the value of net metered export has been determined to be 3p/kWh.

7.7. The value of net deemed export has been determined to be the amount of electricity deemed to have been exported by all accredited FIT installations multiplied by the System Sell Price (SSP), and this value needs to be apportioned to each Licensed Electricity Supplier in accordance with its market share. Before each levelisation, Ofgem will obtain SSP from Elexon for the purpose calculating the value of net deemed export.

7.8. For the following FIT Years, the value of net metered export and net deemed export must be published by the Secretary of State one month before the beginning of the FIT Year.

Qualifying FIT Costs

7.9. The Secretary of State must determine the value of the Qualifying FIT Costs for each FIT Year. For FIT Year 1, the Qualifying FIT Costs has been determined to be £65 per an accredited FIT Installation to a Mandatory FIT Licensee and £100 per an accredited FIT Installation to a Voluntary FIT Licensee. For the following FIT Years, the Qualifying FIT Costs must be published by the Secretary of State one month before the beginning of the FIT Year.

7.10. The determination for FIT Year 1 means that a FIT Licensee is eligible to claim for a Qualifying FIT Costs, if it has incurred the Qualifying FIT Costs in relation to any accredited FIT Installation that is entered onto the Central FIT Register for any part of the FIT Year, where the FIT Licensee is responsible for making FIT Payments to that Installation.

7.11. A FIT Licensee is eligible to claim the Qualifying FIT Costs for:

- a. a newly registered MCS or ROO-FIT Installation (i.e. it must have a Confirmation Date on the Central FIT Register)
- b. an Installation that has migrated from the RO to the FIT scheme and the FIT Licensee has agreed to make FIT Payments to that Installation
- c. an Installation that switched from another FIT Licensee (i.e. the switch must have taken place)
- d. an Installation that has been extended using the same technology type after the first anniversary of the Confirmation Date (or Commissioning Date, where the Original Installation commissioned before 1 April 2010)
- e. where a non-FIT installation is extended using an eligible FIT technology

7.12. Because Installations extended using the same technology on or before the first anniversary of the Confirmation Date (or Commissioning Date, where the Original Installation commissioned before 1 April 2010) are treated as part of the Original Installation, they are not eligible for the Qualifying FIT Costs.

7.13. When FIT Licensees submit their Periodic Levelisation Report, the eligible Qualifying FIT Costs for that Levelisation Period will be calculated for them by the Central FIT Register. The Central FIT Register will display how many Installations are eligible for the Qualifying FIT Costs and how much the FIT Licensee is entitled to.

Periodic Levelisation

7.14. Ofgem is required to undertake Periodic Levelisation processes. In FIT Year 1 (1 April 2010 - 31 March 2011) periodic levelisation takes place quarterly with Periodic Levelisation Periods beginning and ending as follows:

- 1 April 2010 - 30 June 2010
- 1 July 2010 - 30 September 2010
- 1 October 2010 - 31 December 2010
- 1 January 2011 - 31 March 2011

7.15. Ofgem however has the power to vary these Periodic Levelisation Periods as long as any such variation is published a month before it takes effect.

Periodic Levelisation Report

7.16. This section has been updated to reflect the information that FIT Licenses are required to submit to Ofgem as part of Periodic Levelisation.

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

- Total value of (£) FIT Generation Payments claimed by FIT Generators following the submission of valid meter readings during that Periodic Levelisation Period
- Total value of (£) Deemed FIT Export Payments claimed by FIT Generators following the submission of valid meter readings during that Periodic Levelisation Period
- Total amount of electricity deemed to have been exported (MWh) by FIT Generators following the submission of valid meter readings during that Periodic Levelisation Period
- Total value of (£) FIT Export Payments (Deemed and Metered) claimed by FIT Generators following the submission of valid meter readings during that Periodic Levelisation Period
- Total number of Installations eligible for the Qualifying FIT Costs in that Periodic Levelisation Period
- Total value of (£) Qualifying FIT Costs that FIT Licensees have incurred in respect of FIT installations in that Periodic Levelisation Period

7.18. In addition, all Licensed Electricity Suppliers shall provide Ofgem with details of the total electricity they have supplied in Great Britain for that Periodic Levelisation Period. As part of the Periodic Levelisation submission, licensees can declare the amount of supply to exempt to reflect any electricity sourced from renewable sources generated outside of the UK.

7.19. 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, or 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.

7.20. FIT Licensees are not required to submit payment information to Ofgem every Periodic Levelisation. However, the levelisation process cannot be fully undertaken without each Licensed Electricity Supplier confirming its market share. When considering the frequency of Periodic Levelisation, it must be recognised that any increase in the frequency would increase the number of data submissions by Licensed Electricity Suppliers to Ofgem. During the past three Periodic Levelisation Periods, 20 per cent of Licensed Electricity Suppliers did not submit their Levelisation Report on time. Following up on these late submissions creates extra work for Ofgem. These can be managed as part of the quarterly process, but would be difficult to do on a monthly basis. However, it should also be recognised that for those suppliers with a disproportionately high number of FIT installations, the quarterly levelisation process creates cash flow problems, if they had contracted to pay their generators monthly.

7.21. **Question 1:** Respondents are invited to comment on whether the quarterly levelisation process is the most appropriate or whether there should be a move to a more frequent process.

7.22. **Question 2:** Consultees are asked to present evidence on the costs and benefits to their organisation of a more frequent Periodic Levelisation process.

7.23. **Question 3:** In the absence of a more frequent levelisation process, is there scope for FIT Licensees to align FIT Payments to all FIT Generators with the quarterly levelisation process?

7.24. **Question 4:** Respondents are asked to suggest any alternative way to carry out the levelisation process that would not be so administratively burdensome, but would achieve some of the benefits of the monthly process.

7.25. **Question 5:** If the frequency of Periodic Levelisation were to change, how much time would Licensed Electricity Suppliers need to adapt to this change?

7.26. **Question 6:** To align with the principles of better regulation, it may be appropriate not to increase the frequency of Periodic Levelisation until the amount of money levelised reaches a certain level. Respondents are invited to comment on what the appropriate level should be.

Periodic levelisation timetable

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

7.28. 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. It will then inform Licensed Electricity Suppliers whether a Levelisation Payment is owed by them, or due to them.

7.29. Licensed Electricity Suppliers are required to make any FIT Levelisation Payment due to Ofgem within 10 working days of a periodic Levelisation Payment Notification being issued.

7.30. 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 FIT Levelisation Fund.

7.31. **Question 7:** Comments are invited on whether the timetable we have in place for processing Periodic Levelisation Reports is appropriate. We welcome views on what an alternative timetable should be.

7.32. **Question 8:** We welcome views on whether a more frequent levelisation process would create any difficulties with this reporting timetable.

Annual Levelisation

7.33. Annual Levelisation begins on 1 July following the end of a FIT Year and is to be completed by 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.

7.34. This paragraph has been added to the guidance since the previous version to explain what constitutes an appropriate auditor. Data provided by FIT Licensees to Ofgem for the Annual Levelisation process should be fully audited by a reputable organisation that is independent of the company management. To carry out such an audit, a company does not have to hold Consultative Committee of Accountancy Bodies (CCAB) qualifications, however it needs to be competent to perform such functions.

Annual Levelisation Report

7.35. This section has been updated to reflect the information that FIT Licenses are required to submit to Ofgem as part of Annual Levelisation.

7.36. An Annual Levelisation Report should contain the following information:

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

- Total amount of electricity deemed to have been exported by FIT Generators following the submission of valid meter readings during that FIT Year
- Total value 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
- Total number of Installations eligible for the Qualifying FIT Costs in that FIT Year
- Total value of (£) Qualifying FIT Costs that FIT Licensees have incurred in respect of FIT installations during that FIT Year
- Total electricity generated (MWh) by FIT Installations in that FIT Year
- Total electricity exported (MWh) by FIT Installations in that FIT Year

7.37. In addition, all Licensed Electricity Supplier shall provide Ofgem with details of the total electricity they have supplied in Great Britain for that FIT Year and any electricity which is to be exempted from the calculation. The data given for total electricity supplied in Great Britain for that FIT Year should be the same figure provided by Licensed Electricity Supplier under the Renewable Obligation.

7.38. **Question 9:** We welcome views on whether Ofgem should require FIT Licensees to provide additional information in their Annual Levelisation Report to ensure that FIT Generators have received FIT Payments they are entitled to.

7.39. We recognise that claims for FIT Payments and meter readings may fall outside the exact windows of Levelisation Periods and even outside the relevant FIT Year. It will therefore be the responsibility of the FIT Licensee to calculate what proportion of the electricity was generated in one FIT Year (at a particular tariff rate) and what proportion was generated in the subsequent FIT Year (at the particular tariff rate adjusted for inflation).

Annual Levelisation timetable

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

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

7.42. Licensed Electricity Suppliers are required to make any Levelisation Payment due within 10 working days of an Annual Levelisation Payment Notification being issued.

7.43. Ofgem will make Levelisation Payments due to FIT Licensees, subject to any shortfall in the Levelisation Fund, by 1 October following the end of that FIT Year.

Levelisation Calculation

7.44. This section has been updated to show how Ofgem calculates Levelisation Payments.

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

- a. the Licensed Electricity Supplier's market share
- b. Total FIT Licensees' Qualifying FIT Costs incurred for that period.
- c. Total eligible FIT Generation Payments claimed from that FIT Licensee in that Levelisation Period
- d. Total eligible Deemed FIT Export Payments claimed from the FIT Licensee in that Levelisation Period
- e. Total amount of electricity deemed to have been exported by FIT Generators following the submission of valid meter readings during that FIT Year
- f. Total Levelisation Payments already made by and to that Licensed Electricity Supplier

7.46. Following the submission of the data applicable to that period , a Licensed Electricity Supplier's Periodic Levelisation Payment shall be equal to:

$$plp = \{ms \times [tgp + tdep - (ade \times SSP) + tqc]\} - [igp + idep - (ade \times SSP \times ms) + iqc]$$

plp - Licensed Electricity Supplier's Periodic Levelisation Payment (£)

ms - Licensed Electricity Supplier's market share

tgp - total (£) FIT Generation Payments

tdep - total (£) Deemed FIT Export Payments

ade - total (MWh) amount of electricity deemed to have been exported

SSP - System Sell Price (£/MWh)

tqc - total (£) Qualifying FIT Costs

igp - individual (£) FIT Generation Payments

idep - individual (£) Deemed Fit Export Payments

iqc - individual (£) Qualifying FIT Cost

7.47. 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 shall be equal to:

$$alp = \{ms \times [tgp + tdep - (ade \times SSP) + tqc]\} - [igp + idep - (ade \times SSP \times ms) + iqc] - plp$$

alp - Licensed Electricity Supplier's Annual Levelisation Payment (£)

ms - Licensed Electricity Supplier's market share

tgp - total (£) FIT Generation Payments

tdep - total (£) Deemed FIT Export Payments

ade - total (MWh) amount of electricity deemed to have been exported

SSP - System Sell Price (£/MWh)

tqc - total (£) Qualifying FIT Costs

igp - individual (£) FIT Generation Payments

idep - individual (£) Deemed Fit Export Payments

iqc - individual (£) Qualifying FIT Cost

plp - all Licensed Electricity Supplier's Periodic Levelisation Payments already made for that FIT year

7.48. 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

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

7.50. Given the tight timeframe in which Periodic Levelisation needs to be reviewed, such discrepancies will not affect the Levelisation Payments owed to or from the Levelisation Fund for that Periodic Levelisation Period. Instead, discrepancies will be dealt with during the Annual Levelisation process. However, if discrepancies or disputes concerning the Annual Levelisation calculation are raised, we will look to resolve those, before final invoices are issued and Annual Levelisation Payments are due.

Shortfall in the Levelisation Fund

7.51. This section describes how Ofgem will manage the shortfall in the Levelisation Fund both for annual and periodic levelisation. If there is a shortfall in the Levelisation Fund, Ofgem will reduce each Levelisation Payment that 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, the remainder of a Levelisation Payment will be made to FIT Licensees.

7.52. This paragraph has been added to provide more clarity on how Ofgem will redistribute Late Payments. If the value of Late Payments is at a de minimis level, we will redistribute the shortfall as part of Annual Levelisation.

7.53. 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 Payments.

8. Audit and Assurance

This chapter now sets out how Ofgem will monitor compliance to minimise the opportunity and instances of fraud and other abuse in the FIT scheme. Auditing of Licensed Electricity Suppliers is discussed here. Responsibilities of the Licensed Electricity Suppliers with regards to audit and assurance are discussed throughout this Guidance document.

Question 1: Comments are invited on whether Ofgem's auditing suggestions are appropriate and whether they will address potential compliance issues in the FIT scheme (paragraphs 8.4 to 8.6).

General Principles

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

8.2. The responsibility for audit and assurance within the FIT scheme is shared between Ofgem, FIT Licensees and the MCS in accordance with the roles each party plays in administering the FIT scheme.

Monitoring Licensed Electricity Suppliers' Compliance with the FIT scheme

8.3. This section has been updated to detail Ofgem's approach to auditing.

8.4. Ofgem is required to monitor compliance with the SLCs and FIT Order at all times. As part of this duty, Ofgem intends to sample review and inspect the processes Licensed Electricity Suppliers have in place to demonstrate compliance are appropriate, and the information held by FIT Licensees is accurate to ensure FIT Licensees' compliance with the FIT scheme requirements.

8.5. Each audit is intended be focused on a different aspect of the FIT scheme and may include checking whether:

- FIT Licensees are making the necessary checks on both the MCS and ROO-FIT systems in order to verify claims of Certification and/or Accreditation for Eligible Installations
- the arrangements for checking the FIT Generator and Nominated Recipient are appropriate
- FIT Licensees' levelisation processes are appropriate

- 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

8.6. Ofgem may seek to verify the information provided by FIT Licensees using independent organisations at least annually.

8.7. **Question 1:** Comments are invited on whether Ofgem's auditing suggestions are appropriate and whether they will address potential compliance issues in the FIT scheme.

Risk assessment

8.8. Given the complexity of the FIT scheme, Ofgem considers that there may be a need to undertake further analysis on whether the administration processes are sufficient to monitor Licensed Electricity Suppliers' compliance.

8.9. Ofgem may consider appointing an independent risk assessor to carry out risk assessment analysis to ascertain whether there is a need to enhance our compliance monitoring procedures.

9. Dispute Resolution

This chapter details how to make a complaint and resolve a dispute in relation to the administration of the FIT scheme. This chapter now includes more information on handling disputes between FIT Generators and FIT Licensees. There are no questions relating to this chapter.

Handling Disputes within the FIT scheme

9.1. 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 obligations under the FIT Scheme. For information on this Complaints Procedure please consult the Complaints Factsheet which can be found at www.decc.gov.uk/fits.

Disputes and complaints between a FIT Generator and a FIT Licensee

9.2. This section has been added to provide more clarity to FIT Generators how to make a complaint against a FIT Licensee.

9.3. If a FIT Generator wants to make a complaint regarding their accreditation under the scheme, it should approach its FIT Licensee to attempt to resolve a dispute. The FIT Licensee should follow its complaints process in trying to find a resolution. If the FIT Generator is a domestic or micro business, they will be able to escalate the dispute to the Energy Ombudsman after 12 weeks from the date the dispute was initially logged, if a mutually agreeable solution has not been found.

9.4. Once the Ombudsman has received a complaint, it will consider whether the FIT Licensee has been given sufficient time to deal with the complaint and also assess whether the complaint falls within the remit of the Ombudsman. If the Ombudsman takes on the case, it will investigate and make recommendations to rectify a situation. The FIT Licensee then has up to 28 days to action any recommendations by the Energy Ombudsman.

Enquiries, disputes and complaints involving the Central FIT Register

9.5. If a FIT Generator would like further clarity on the information contained in the Central FIT Register, they should contact Ofgem's Central FIT Register and Fraud Prevention 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.

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

9.7. If a FIT Licensee disputes the information contained on the Central FIT Register and cannot amend this, the FIT Licensee should write to the Central FIT Register and Fraud Prevention Manager. The FIT Licensee should detail the Installation concerned, the incorrect data and what it believes the correct data should be. The FIT Licensee should also detail the reasons why it believes the information on the Central FIT Register is inaccurate and provide supporting evidence. Ofgem can then take a decision as to what needs amending.

9.8. If a FIT Generator or FIT Licensee wish to clarify or dispute any decision taken by Ofgem with regards to the Central FIT Register, the FIT Generator or FIT Licensee should write to the Central FIT Register and Fraud Prevention Manager 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, it is able to make a complaint.

Enquiries, disputes and complaints involving Periodic and Annual Levelisation

9.9. If a Licensed Electricity Supplier would like further clarity on the methods used to calculate Levelisation Payments or annual reconciliation, it should contact the FIT Compliance Manager.

9.10. 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

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

Ofgem Complaints
Operations Division
Ofgem
9 Milbank
London
SW1P 3GE

9.12. 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.

9.13. 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.

9.14. 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.

9.15. Details of how to make a complaint to the Parliamentary Ombudsman can be found on their website at www.ombudsman.org.uk .

Appendices

Index

Appendix	Name of Appendix	Page Number
1	Consultation Response and Questions	60
2	Generator and Installation details required for Central FIT Register	63
3	Statement of FIT Terms	64
4	De minimis declaration	67
5	The Authority's Powers and Duties	69
6	Glossary	72
7	Feedback Questionnaire	81

Appendix 1 - Consultation Response and Questions

1.1. Ofgem would like to hear the views of interested parties in relation to any of the issues set out in this document. (In particular, we would like to hear from FIT Licensees.)

1.2. We would especially welcome responses to the specific questions which we have set out at the beginning of each chapter heading and which are replicated below.

1.3. Responses should be received by 15 March 2011 and should be sent to:

Urszula Thorpe
FIT Compliance Manager
Environmental Programmes
9 Millbank
London
SW1P 3GE
Telephone number: 020 7901 7290
Email: urszula.thorpe@ofgem.gov.uk
Fax: 020 7901 7387

1.4. Unless marked confidential, all responses will be published by placing them in Ofgem's library and on its website www.ofgem.gov.uk. Respondents may request that their response is kept confidential. Ofgem shall respect this request, subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

1.5. Respondents who wish to have their responses remain confidential should clearly mark the document/s to that effect and include the reasons for confidentiality. It would be helpful if responses could be submitted both electronically and in writing. Respondents are asked to put any confidential material in the appendices to their responses.

1.6. Next steps: Having considered the responses to this consultation, Ofgem intends to publish Version 2 of the Feed-in Tariff: Guidance for Licensed Electricity Suppliers and separately a summary of consultation responses. Any questions on this document should, in the first instance, be directed to:

Urszula Thorpe (see above)

CHAPTER: One

There are no questions relating to this chapter.

CHAPTER: Two

There are no questions relating to this chapter.

CHAPTER: Three

Question 1: Views are invited on whether our proposal for managing switching of installations sharing the same meter is appropriate (paragraph 3.92).

CHAPTER: Four

There are no questions relating to this chapter.

CHAPTER: Five

There are no questions relating to this chapter.

CHAPTER: Six

Question 1: Comments are invited on whether the proposed enhancement to the switching process to capture the date when the meter reading was last verified is suitable in mitigating fraud (paragraph 6.14).

Question 2: Consultees are invited to comment on an alternative framework for verifying Generation and/or Export Meter Readings that would allow FIT Licensees to access meter readings without a site visit (paragraphs 6.16 to 6.17).

CHAPTER: Seven

Question 1: Respondents are invited to comment on whether the quarterly levelisation process is the most appropriate or whether there should be a move to a more frequent process (paragraphs 7.14 to 7.20).

Question 2: Consultees are asked to present evidence on the costs and benefits to their organisation of a more frequent Periodic Levelisation process (paragraphs 7.14 to 7.20).

Question 3: In the absence of a more frequent levelisation process, is there scope for FIT Licensees to align FIT Payments to all FIT Generators with the quarterly levelisation process (paragraphs 7.14 to 7.20)?

Question 4: Respondents are asked to suggest any alternative way to carry out the levelisation process that would not be so administratively burdensome, but would achieve some of the benefits of the monthly process (paragraphs 7.14 to 7.20).

Question 5: If the frequency of Periodic Levelisation were to change, how much time would Licensed Electricity Suppliers need to adapt to this change (paragraphs 7.14 to 7.20)?

Question 6: To align with the principles of better regulation, it may be appropriate not to increase the frequency of Periodic Levelisation until the amount of money levelised reaches a certain level. Respondents are invited to comment on what the appropriate level should be (paragraphs 7.14 to 7.20).

Question 7: Comments are invited on whether the timetable we have in place for processing Periodic Levelisation Reports is appropriate. We welcome views on what an alternative timetable should be (paragraphs 7.22 to 7.30).

Question 8: We welcome views on whether a more frequent levelisation process would create any difficulties with this reporting timetable (paragraphs 7.22 to 7.30).

Question 9: We welcome views on whether Ofgem should require FIT Licensees to provide additional information in their Annual Levelisation Report to ensure that FIT Generators have received FIT Payments they are entitled to (paragraphs 7.36 to 7.37).

CHAPTER: Eight

Question 1: Comments are invited on whether Ofgem's auditing suggestions are appropriate and whether they will address potential compliance issues in the FIT scheme (paragraphs 8.4 to 8.6).

CHAPTER: Nine

There are no questions relating to this chapter.

Appendix 2 - 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	1.7. 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-FIT 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 3 – Statement of FIT Terms

The content of this appendix is 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:

- Tariff Code
- Confirmation Date
- Eligibility Date and Eligibility Period
- Generation Tariff
- Export Tariff (where applicable) and how to elect to receive Export Payments
- frequency of FIT Payment
- data on which calculation of FIT Payments shall be based and the process by which such data is to be provided
- the consequences of ceasing to be eligible for FIT Payments
- 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

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 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

-
- 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
 - a description of the process of Switching and a stated duty to participate as required to facilitate the Switching of a FIT Generator
 - 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
 - a duty to fulfil obligations under this Scheme efficiently and expeditiously
 - a term setting out the termination rights which permit the FIT Generator to withdraw from the Scheme or Switch
 - 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:

- a term explaining that FIT Payments shall be made by reference to data in the Central FIT Register
- 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
- 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
- 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
- a term setting out the circumstances and procedures for changing the Nominated Recipient on the Central FIT Register
- 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:

- is complete and accurate
- is capable of being easily understood by the FIT Generator
- does not mislead the FIT Generator and
- 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 4 – De minimis declaration



Declaration of compliance with state aid de minimis rules

Note – this declaration is for applicants which are not active in agricultural production

This Declaration is made in respect of eligibility for the receipt of FIT Payments under the Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010.

Ofgem hereby confirms, in accordance with the requirements of Article 3 of Commission Regulation (EC) No 1998/2006 of 15 December 2006 ("the De Minimis Aid Regulation"), that FIT payments made in respect of an installation that has received a grant from a public body are de minimis aid. FITs having been notified to the European Commission with the title: Commission Regulation(EC) No. 1998/2006 and the publication reference is OJ L 379, 28.12.2006, p.5

This declaration must be signed by the FIT generator. The FIT generator is the Owner of an Eligible Installation used or intended to be used for Small-scale Lowcarbon Generation, whether or not that person is also operating or intending to operate the Eligible Installation.

Name of FIT generator:.....

Address of the eligible FIT installation:

I hereby declare that I have undertaken an assessment of prospective FIT Payments that I may receive during the current financial year [1 April _____ to 31 March _____] and that, when this sum is added to all de minimis aid that I have received or am entitled to receive over the previous two financial years and the current one, the aggregate amount (the "three year public support aggregate") does not exceed the relevant state aid de minimis limit².

I further declare that the aggregate of three complete years anticipated FITs payments alone do not exceed the relevant de minimis limit.

I understand that any FIT Payments or other aid for the installation that may take my three year public support aggregate over the relevant de minimis limit may be subject to repayment to the FITs Licensee or the relevant grant-making body with interest.

If I receive any FIT Payments or other de minimis aid that take my three year public support aggregate over the relevant de minimis limit and therefore voids this declaration, I will inform Ofgem in writing immediately with details of the dates and amounts of aid received.

I hereby confirm that the information in this declaration is true and accurate to the best of my knowledge and belief.

Sign:

Date:

² €200,000 over three years in most cases; €100,000 for those active in the road transport sector, €7,500 for those active in the primary production of agricultural products - the €200,000 threshold would apply where the installation owner is able to confirm that none of the electricity will be used in the primary production of agricultural products - and €30,000 for those active in the fisheries sector each over three years – see <http://www.defra.gov.uk/foodfarm/policy/farm/state-aid/types/deminimis.htm> for more information. Undertakings active in the coal or aquaculture sectors cannot receive *de minimis* aid. Further guidance on compliance with *de minimis* requirements is available at <http://www.berr.gov.uk/policies/business-law/state-aid/state-aid-de-minimis-notification-procedures>



Declaration of compliance with state aid de minimis rules for applicants active in agricultural production

This Declaration is made in respect of eligibility for the receipt of FIT Payments under the Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010.

Ofgem hereby confirms, in accordance with the requirements of Article 3 of Commission Regulation (EC) No 1998/2006 of 15 December 2006 ("the De Minimis Aid Regulation"), that FIT payments made in respect of an installation that has received a grant from a public body are de minimis aid; FITs having been notified to the European Commission with the title: Commission Regulation(EC) No. 1998/2006 and the publication reference is OJ L 379, 28.12.2006, p.5

This declaration must be signed by the FIT generator. The FIT generator is the Owner of an Eligible Installation used or intended to be used for Small-scale Lowcarbon Generation, whether or not that person is also operating or intending to operate the Eligible Installation.

Name of FIT generator:.....

Address of the eligible FIT installation:

I hereby declare that the electricity generated by my renewable installation will not be used to power buildings or equipment used for agricultural production³.

I hereby declare that I have undertaken an assessment of prospective FIT Payments that I may receive during the current financial year [1 April _____ to 31 March _____] and that, when this sum is added to all aid that I have received or am entitled to receive over the previous two financial years and the current one, the aggregate amount (the "three year public support aggregate") does not exceed the relevant state aid de minimis limit⁴.

I further declare that the aggregate of three complete years anticipated FITs payments alone do not exceed the relevant de minimis limit.

I understand that any FIT Payments or other aid for the installation that may take my three year public support aggregate over the relevant de minimis limit may be subject to repayment to the FITs Licensee or the relevant grant-making body with interest.

If I receive any FIT Payments or other de minimis aid that take my three year public support aggregate over the relevant de minimis limit and therefore voids this declaration, I will inform Ofgem in writing immediately with details of the dates and amounts of aid received.

I hereby confirm that the information in this declaration is true and accurate to the best of my knowledge and belief.

Sign:

Date:

³ Contact Ofgem if you are unable to declare this to be true in order to discuss your situation in more detail: renewable@ofgem.gov.uk

⁴ €200,000 over three years in most cases; €7,500 for those active in the primary production of agricultural products - the €200,000 threshold would apply where the installation owner is able to confirm that none of the electricity will be used in the primary production of agricultural products - see <http://www.defra.gov.uk/foodfarm/policy/farm/state-aid/types/deminimis.htm> for more information.

Appendix 5 - 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 (such as the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Acts of 2004, 2008 and 2010) as well as arising from directly effective European Community legislation.

1.3. References to the Gas Act and the Electricity Act in this appendix are to Part 1 of those Acts.¹ 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.²

1.4. The Authority's principal objective is to protect the interests of existing and future consumers in relation to gas conveyed through pipes and electricity conveyed by distribution or transmission systems. The interests of such consumers are their interests taken as a whole, including their interests in the reduction of greenhouse gases and in the security of the supply of gas and electricity to them.

1.5. The Authority is generally required to carry out its functions in the manner it considers is best calculated to further the principal objective, wherever appropriate by promoting effective competition between persons engaged in, or commercial activities connected with,

- the shipping, transportation or supply of gas conveyed through pipes;
- the generation, transmission, distribution or supply of electricity;
- the provision or use of electricity interconnectors.

1.6. Before deciding to carry out its functions in a particular manner with a view to promoting competition, the Authority will have to consider the extent to which the interests of consumers would be protected by that manner of carrying out those functions and whether there is any other manner (whether or not it would promote competition) in which the Authority could carry out those functions which would better protect those interests.

¹ Entitled "Gas Supply" and "Electricity Supply" respectively.

² 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.

1.7. In performing these duties, the Authority must 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 them³; and
- the need to contribute to the achievement of sustainable development.

1.8. In performing these duties, the Authority must have regard to the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.⁴

1.9. 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:

- promote efficiency and economy on the part of those licensed⁵ 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, and shall, in carrying out those functions, have regard to the effect on the environment.

1.10. In carrying out these functions the Authority must also have regard to:

- 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.

1.11. The Authority may, in carrying out a function under the Gas Act and the Electricity Act, have regard to any interests of consumers in relation to communications services and electronic communications apparatus or to water or sewerage services (within the meaning of the Water Industry Act 1991), which are affected by the carrying out of that function.

³ 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 Acts in the case of Electricity Act functions.

⁴ The Authority may have regard to other descriptions of consumers.

⁵ Or persons authorised by exemptions to carry on any activity.

1.12. 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 Regulation⁶ 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.

⁶ Council Regulation (EC) 1/2003

Appendix 6 - Glossary

Accredited FIT Installation	means an Eligible Installation which the Authority has both determined is suitable for participation in the FIT and entered onto the Central FIT Register in accordance with the FIT Order 2010;
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;
CCAB	Consultative Committee of Accountancy Bodies;
Central FIT Register	means the register kept and maintained by the Authority for the purpose of recording details of FIT Generators, FIT Installations and other such matters relating to the FIT;
CERT	Carbon Emissions Reduction Target;
CESP	Community Energy Saving Programme;
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 FIT 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 FIT Generator is entered onto the Central FIT Register by the Authority, such that its Eligible Installation becomes an Accredited FIT 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;
Deemed Export	means Export from an Accredited FIT Installation which may be deemed to be a percentage of the equivalent Generation Meter Reading from the same Accredited FIT 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 FIT Order 2010;
ECOES	Electricity Central Online Enquiry Service
Eligibility Period	means the maximum period during which a FIT Generator can receive FIT 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 FIT 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;
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 FIT Generator or Nominated Recipient, as applicable, by a FIT Licensee, for FIT Export in any period, calculated by reference to the Export Tariff and Export Meter Reading or Deemed Export Reading;
Export Tariff	means the payment rate per kilowatt hour for FIT Export from an Accredited FIT Installation as set out in the FIT 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 FIT Installation to increase its Total Installed Capacity from the same Eligible Low-carbon Energy Source, and Extend as a verb shall be construed accordingly;
FIT Export	means Export or Deemed Export from an Accredited FIT Installation in relation to which a FIT Generator has requested to receive Export Payments in accordance with Part 1, clause 7.1;
FIT Generator	means the Owner, identified as such in the Central FIT 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;

FIT 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 FIT, by reference to its status as at 31 December of the previous calendar year. In FIT Year 1, the FIT Notification must be submitted on or before 30 June 2010 by reference to a licensee's status as at Implementation;
FIT Order	means an order made in accordance with sections 43(3) and 41(1) EA08;
FIT Payments	means, as applicable, the Generation Payments and/or Export Payments;
FIT 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;
FIT Year	means the year commencing on 1st April and ending on 31st March numbered sequentially from FIT 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 FIT Installation, for which the FIT Generator is responsible;
Generation Payment	means the sum paid to the FIT Generator or Nominated Recipient, as applicable, by a FIT Licensee, for the electricity generated by Accredited FIT Installations in any period, calculated by reference to the Generation Tariff and Generation Meter Readings;
Generation Meter Reading	means the measure by a Generation Meter of the gross amount of electricity generated by an Accredited FIT Installation;

Generation Tariff	means the payment rate per kilowatt hour of electricity generated by an Accredited FIT Installation as set out in the FIT 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 FIT 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 FIT Order 2010;
Levelisation Process	means the process by which the total cost of the FIT 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 FIT 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 FIT Year; and effective on and from the 1 April of the current FI Year;
MCS-certified Installation	means an Eligible Installation using an MCS-FIT 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 FIT 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;
MCS-FIT 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;
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 FIT and whose Eligible Installation is subsequently accredited by the Authority in accordance with the FIT Order;
Nominated Recipient	means a person appointed by a FIT Generator to receive FIT Payments in respect of an Accredited FIT Installation owned by that FIT Generator and recorded as such on the FIT Central Register;
Original FIT Installation	means a person appointed by a FIT Generator to receive FIT Payments in respect of an Accredited FIT Installation owned by that FIT Generator and recorded as such on the FIT Central Register;
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-FIT Accreditation	means the process of accreditation pursuant to the FIT 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 FIT 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;
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 FIT Order;
Statement of FIT Terms	means the statement of terms and conditions agreed between the FIT Licensee and FIT Generator in relation to participation in the FIT;
Switching	means the process involved when a FIT 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 FIT Installation identifying the: FIT Year in which the Eligibility Date falls; Eligible Low-carbon Energy Source; and other characteristics relevant to the Accredited FIT 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-FIT Accreditation and MCS-certified Registration;

Transfer Date	Means the date upon which a FIT Generator is deemed to have Switched in relation to an Accredited FIT Installation;
Voluntary FIT Licensee	means a licensee which is not a Mandatory FIT Licensee but which voluntarily elects to participate in making FIT Payments under the FIT scheme.

Appendix 7 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

1. Do you have any comments about the overall process, which was adopted for this consultation?
2. Do you have any comments about the overall tone and content of the report?
3. Was the report easy to read and understand, could it have been better written?
4. To what extent did the report's conclusions provide a balanced view?
5. To what extent did the report make reasoned recommendations for improvement?
6. Please add any further comments?

1.2. Please send your comments to:

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