The Feed-in Tariff

Practical Guide

The Feed in Tariff (FIT) scheme was introduced on the 1st April 2010 to support the installation of small scale (up to 5 MW), low carbon energy generation through incentivising renewable energy technologies.

Renewables qualifying for FIT payments include wind turbines, micro-hydro schemes, solar photovoltaic (PV) panels and anaerobic digesters.

Encouraging the use of renewables on the farm can provide an additional energy supply and income stream, reducing the demand on mains electricity, lowering bills and CO_2 emissions.

Farm businesses are ideally placed to benefit from the FIT scheme as long as they have the appropriate site and resources on farm.

This Practical Guide focuses on the Feed in Tariff Scheme to fund renewable resources on farm, which can also reduce greenhouse gas emissions.

Benefiting the farm business

Installing on-farm renewables and gaining FIT payments could result in a number of benefits for the farm business:

- **Reduce energy bills, lower greenhouse gas emissions:** Generating energy on the farm could mean savings on your electricity bills. Producing electricity to power your appliances means you do not have to buy as much electricity from your energy supplier. The amount you save will vary depending how much of the electricity you can use on site and the price you pay for power.
- **FIT Generation tariff:** This is a set rate paid by the energy supplier for each unit (kWh) of electricity you generate. The generation tariff varies depending on the type of renewable technology and it's installed capacity. This rate is index-linked and once you register, you will continue to receive the same tariff (with inflationary increases) for 20 years.
- **FIT Export tariff:** You will receive a further payment (5.03 p/kWh from April 2017) from your energy supplier for each unit you export back to the electricity grid, when your onsite electricity production is greater than your usage. This export rate is the same for all technologies. Generators also have the option to forego the export tariff and make their own deal to sell energy to an energy company. The export tariff is also index-linked.

Farming for a Better Climate

Our Practical Guides cover five useful topics:

1. Use energy and fuels efficiently
2. Renewable energy
3. Lock carbon into soils and vegetation
4. Making the best use of nutrients
5. Optimise livestock management

For more Practical Guides, Case Studies, information on our Focus Farms and ideas to benefit your farm, visit www.farmingforabetterclimate.org

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Websites

www.farmingforabetterclimate.org

www.gov.scot

www.ofgem.gov.uk

www.ipcc.ch

www.carbontrust.com

www.energysavingstrust.org.uk

https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy

www.microgenerationcertification.org

www.snh.gov.uk/docs/A301202.pdf

www.renewableenergyonfarms.co.uk/

www.agrecalc.com

The European Agricultural Fund for Rural Development: Europe investing in rural areas
Scottish Government Riaghaltas na h-Alba gov.scot
SAC CONSULTING
SRDP Farm Advisory Service

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FIT eligibility

If you are planning to install small scale renewables (less than 5 MW), you could be eligible to claim the FIT. Renewables that are suitable for the FIT scheme include wind turbines, solar photovoltaic panels (roof-mounted or free standing), hydro schemes, anaerobic digestion (AD) and micro combined heat and power (CHP). To qualify for payments, the technology and installation must be approved through one of two routes, depending on the size of project:

- Wind and PV installations that could generate 50 kW or less are required to obtain Microgeneration Certification Scheme (MCS) certification or equivalent. This means that these installations must be commissioned by a MCS certified installer using a MCS certified product (or be certified under an equivalent scheme). Such installations need to apply for accreditation by contacting their energy supplier with their MCS details (see Ofgem website).
- If the renewables you are considering will have a generation capacity of over 50 kW (or any size for hydro or AD), then you must apply directly through the ROO-FIT process via Ofgem's Renewable & CHP Register. Again, guidance on the ROO-FIT process is available on Ofgem's website.

Why MCS?

The MCS scheme is an independent, industry led certification body. It assesses installation companies and products against robust standards. Its purpose is to assure the quality, durability and energy generation of products.

Generation tariff

The generation tariff varies depending on the:

- Technology
- Capacity
- Year of installation

The rate that you secure will be fixed for a set period of 20 years.

Export Tariff

The tariff is 5.03 p/kWh (From April 2017) and is uniform across the scheme.

Generators also have the option to forego the export tariff and make their own deal to sell energy to an energy company.

Both tariffs are index-linked to RPI.

Joining the FIT scheme

Due to EU state aid rules, individuals can't benefit from the FIT scheme as well as grant assistance from other sources (e.g. SRDP funding).

Independent information about eligibility for the Feed-in Tariff and how you can join the scheme is available from Home Energy Scotland, operated by the EST and funded by the Scottish Government on 0808 808 2282 or The Carbon Trust on 020 7170 7000.

The government re-opened the ability to pre-accredit installations from February 2016, allowing you to secure the tariff at the time of registering so long as a grid connection and planning permission has been agreed. The validity period for pre-accreditation varies per technology.

FIT review and changes

- The FIT scheme has been reviewed a number of times since it's inception. Substantial changes have been introduced, resulting in reduced tariffs for many technologies. There are now degression mechanisms to the tariff for new entrants in line with national installed capacity milestones and deployment caps on total installed capacity during each period. Projects applying for registration after a cap has been reached will be thrown forward to the next available, reduced period.
- With substantial cuts in tariff payments for new schemes, the most profitable site are those that are high yielding or make the best use of the electricity generated. Developers should aim to maximise the value gained from home produced energy by using on site energy as efficiently as possible and finding local or niche markets where a premium over basic export rates is available.
- Proposed changes to the FIT for AD projects were confirmed in February 2017, this has seen a revision on the tariffs for AD and the introduction of sustainability criteria and feedstock restrictions, which will apply to all new AD installations from 1st May 2017.