FITs Factsheet - RPI link, Export Tariffs, 2 Month Degression

Retail Price Index Link
- RPI adjustment is applied every 1 April. It is the percentage increase or decrease in the Retail Price Index over the 12 month period ending on 31st December immediately before the start of the relevant FIT Year
- Ofgem publish the tariffs in February each year – RPI tariff tables are available on the Ofgem tariff tables’ page.
- Tariffs are affected by RPI in different ways (see below)

PV Generation Tariffs
- In May 2012 we announced the new tariffs for PV and the degression policy which started on 1 Aug 2012
- There have been trigger points in Nov 2012, Feb 2013 and one coming May 2013, some tariffs have therefore been reduced - current tariffs for all PV bands are in the Ofgem tariff tables’ page.
- The RPI adjustment is applied based on an installation’s eligibility date:
  - After first degres sion period (1 November 2012) until 31 March 2013, there will be no RPI adjustment in 2013 - these installations will then receive the first RPI adjustment on 1 April 2014, Thereafter;
  - installations with eligibility date between 1 April-31 December receive RPI adjustment from 1 April of the next FITs year
  - installations with eligibility date between 1 January – 31 March receive RPI adjustment from 1 April in the following FITs year
- The reason for this approach is that investment decisions are made based on tariffs at the time. The RPI link is designed to reflect the impact of annual inflation on this decision and it is therefore consistent to apply the RPI adjustment during the relevant calendar year. This is explained on page 22 of the Phase 2a Government R esponse.
- Legislation reference is paragraph 9(b) and paragraph 29 (b) of Annex 4 to the Feed-In Tariffs: Modifications To The Standard Conditions Of Electricity Supply Licences (No. 4 Of 2012)

Export Tariff
- This is based on the expected value of electricity “spilled” to the network
- The tariff is increased in April every year with RPI (based on process explained above)
- Generators receive the export tariff based on their eligibility date (which is then adjusted each April by the RPI percentage)
- So far there are two base levels of export tariff:
  - 3p – start of scheme nominal value, actual rate is currently 3.2p/kWh and will increase to 3.3 p/kWh from April 2013
  - 4.5 p/kWh - Post 1 Aug 2012 (for PV) and post 1 Dec 2012 (for non-PV) nominal value; this will increase to 4.64 p/kWh from April 2013
- Legislation reference is paragraph 10 and 30 of Annex 4 to the Feed-In Tariffs: Modifications To The Standard Conditions Of Electricity Supply Licences (No. 4 Of 2012)

Timing of Degression Quarters for Generation Tariffs
- The original PV policy decision was for degression quarters to be 1 Aug/Nov/Feb/May/(and then Aug again)
- Following publication of Phase 2b Government Response, in which the degression for Non PV installations is annual (on 1 April each year), it makes more sense to align to two degression policies.
- To achieve this we intend to have one 2 month period in which the trigger is 2/3 of a normal degression trigger level, there will be a 2 month degression period (deployment period is Feb - March 2013, tariff period is 1 July 2013 – 30 Sept 2013)
- From then on, degression periods will be 1 July/Oct/Jan/April each year for solar PV
- Legislation reference is Annex 3, especially the table under paragraph 1, page 28 and paragraph 19, page 32