

DECC/OFGEM Monthly FITs meeting - 21 June 2011

Attendants

Absent

Agenda

1. FIT Fast-Track Review

- a) DECC update on progress
 - The results of the fast track review have been announced. As yet there have been no early day motions.
 - JR – the parties requesting the JR have agreed not to pursue if DECC do not seek costs incurred to date.
- b) DECC to outline the timetable for receiving State Aid approval for the AD tariffs
 - DECC have issued pre-notification and are awaiting response from the commission. No timetable available. If there has been no response by the end of June one is not expected until September.
 - The lowering of PV tariffs is not expected to be an issue.
 - The increase to AD tariff may raise issues for State Aid approval. New AD tariff provides for a return of 11-12% based on methodologies from previous calculations.
- c) Ofgem concerns RE: AD tariffs
 - Likelihood of two dates for tariff changes (PV and AD) will require two system launches.
 - Timescales are not perceived to be a risk due to the lag time (6-8 weeks) between receiving an application and a live accreditation.
 - Increased cost of two launches may be an issue.

ACTION: DECC to provide date for AD tariff changes as soon as possible.

ACTION: Ofgem to review how new tariffs are detailed on website tariff table.

ACTION: to provide update on the PV applications (5MW, 1MW & 50kW)

- d) ROO 'grace period' – impacts on FIT JR?
 - Regulations/processes governing the two schemes are separate and therefore any variations are not grounds for complaint.

2. Comprehensive Review

a) DECC update on progress – Ofgem to request full breakdown of DECCs timings

- The pre-consultation trailer paper is to be published on 18 July 2011
- Consultation paper planned for 12 September 2011.
- Published timelines should be available at the end of this week (Friday 24 June)

ACTION: DECC to provide detailed timelines for CR when available

b) Ofgem concerns RE: timing of decision publication (proposed Jan 2012) – explore the possibility of reduced consultation period due to pre-consultation trailer paper

- DECC will be putting suggestion to industry of either a shorter consultation period and earlier confirmation of outcomes, or full 12 week consultation and outcomes published in January 2012.
- Current preference is an 11 week consultation.
- Suggested that IT/processes can be reviewed alongside the consultation in light of the pre-consultation trailer paper.
- Suggested that implementation of any resultant scheme changes can be staggered to allow for system launches etc.

c) Ofgem sent a letter to DECC on 14 June detailing items that could be covered in the review – DECC, any initial comments?

- Core focus of the review is likely to be the tariff rates.
- Outcomes may either require changes to the scheme or improved clarification.

3. Micro hydro

a) Letter from Gregg Barker received – Ofgem to outline initial thoughts

- Costs – experiences with RO Micro-hydro applications have shown applicants find the process very challenging and time consuming.
- Inconsistency – may be considered unfair that micro-hydro installations will not incur the cost of MCS certification.
- The consumer protection aspect of MCS certification is not considered a factor in determining its value in the FIT accreditation process.
- DECC – Microgeneration Strategy launched this week which looks to remove MCS as the only route to accreditation. ROO-FIT is not necessarily the only alternative, the use of 'an equivalent' may be available.

ACTION: to provide guidance on MCS equivalent end of June.

b) NI regulator plans to include micro-hydro MCS requirements

- Conflict with the introduction of MCS accreditation for microgeneration (including micro-hydro) under the NIRO.

c) Amendment Order extension issue – Ofgem to discuss the interpretation of Article 5A(1) and (2)

- If an installations which is accredited under the ROO-FIT process prior to 1 October 2011 extends within 12 months of

commissioning the whole installation will be treated as one (Article 15). This would require the whole installation to be accredited under MCS, not just the extension.

- Two options:
 1. Extensions within 12 months not permitted.
 2. Allow for 'staggered' commissioning, in which the first commissioning date is used when determining the eligibility date.

ACTION: to email outline of above situation and suggested options. to seek advice from DECC legal.

d) Defining 'generating equipment' of Micro-hydro (Amendment Order, Art 8(2))

- DECC input on the inclusion of civil works – possible correlation with MCS 'as new' initiative. Costs to restore 'as new' may be in line with installation of new civil works.

4. FITs and grants

a) DECC comments

- More clarification required on what grants associated, but not directly funding an installation, are permitted e.g. funding for a feasibility study.
- Possible guidance on the Ofgem website.
- This may be defined using the definition of 'generating stations', 'plant' and 'eligible installation' provided in the licence conditions.
- Cost basis used by DECC in calculating tariff can also be considered.

ACTION: DECC to review notes on definitions and installation costs and provide list for use in determining permitted grants.

b) Non-standardised costs – application update.

- Current case – Ofgem is considering rejecting an application on the basis that a grant for an alternative grid connection to avoid ancient woodland was not considered a 'non-standard' cost. Case was considered weak. Repercussions are possible.

5. MCS

a) Accuracy of MCS certificates

- MCS certificate has been identified for an installations of 51kW.

b) Concern RE: reissuing MCS certificates

- Instances have been identified where installations with modifications (e.g. replacement meter) have been found to receive a new MCS certificate (and number). This raises a number of concerns:
 - i. MCS numbers have then been reissued by installers. MCS numbers will not be accepted more than once by the register which will prevent the second generator being accredited.
 - ii. The commissioning date on the second MCS certificate has been amended to the date of modification – may effect the eligibility date.

- DECC in existing correspondence with Gemserve regarding overall provision of service.

ACTION: DECC to raise with MCS as appropriate.

6. AOB

- a) We note the change to the obligations on supplier under CERT/CESP changing from 50k to 250k customers. Are there any plans to change this for FITs?
 - There are currently no plans to change this under FITs and it is not going to be covered under the CR.
- b) Publication of FIT Generator Guidance
 - Expected in 6 weeks.
 - Option to publish alongside the pre-consultation trailer paper.