

DECC/OFGEM Monthly FITs meeting – 19 July 2011

Attendants

Absent

Agenda

1. FIT Fast-Track Review

- a) The EC decision on state aid for the AD and PV tariffs has not yet been made. The commission have raised queries about the increased AD tariffs. Interestingly, they have also queried whether the current PV tariffs result in over compensation.

b) **ANNOUNCEMENT RE: EXTENSIONS CHANGES**

Extensions – estimated that 40MW of PV may be commissioned through the extensions rule. Ministers seeking to amend this rule to close this 'loophole'. An announcement will be made next week and result in third Order.

Timeline:

- 4 week consultation to commence end July
- Changes could come into force 21 days after the end of the consultation. This would be 1 October at the earliest, but most likely mid October.
- Resultant changes to cover all technologies and capacities
- Two possible options under discussion to date.
 - i. Remove the inside 12 month rule so any extension, at any time is assessed against the total capacity but subject to the tariffs from the extension's commissioned date.
 - ii. All extensions treated as separate installations. Open to the original gaming risk.
 - iii. *Added after meeting – any extension results in the installation as a whole assessed against tariff rates on the commissioned date of the extension.*
- This amendment order will be used to change the use of 'confirmation date' in the existing extensions rules.
- Ofgem raised concerns about the cost of these changes and explained that IT change take roughly three months to implement. Will result in fundamental changes to the register and associated costs.

ACTION – DECC to send consultation to ofgem

ACTION – DECC to provide Q&A and lines to take

ACTION – Ofgem to write to DECC with financial implications

ACTION – Ofgem to provide feedback on the suggested options.

2. Comprehensive review

- a) Discussion document will not be published.
- b) Plan to have advanced discussions with the key stakeholders about specific issues. This will include the next licensee meeting on 12 September.
- c) DECC will set up an initial brainstorming session with Ofgem. They will also invite Ofgem along to brainstorming sessions with industry eg 'site' discussions.
- d) A number of fundamental changes are under discussion to maximise the cost efficiency of the scheme:
 - Bespoke tariffs for aggregated PV to reflect economies of scale to address the rent-a-roof and social housing projects. Issue raised by Ofgem with the implementation; there are a number of ways around the ownership issue..
 - Looking at tariffs to ensure uptake by community schemes.

ACTION – DECC to email information on options under discussion as they come available.

ACTION – DECC to organise a brainstorming session to consider options.

3. MCS certificates (DNC/TIC)

- a) Only the DNC shown on certificate. It is assumed that the DNC and TIC are the same. This means that an installation with a TIC >50kW can get an MCS certificate.
- b) The risk is considered low.
- c) Unclear why the DNC was chosen for the certificate.
- d) Metering - still not shown on the MCS certificate.
- e) Ofgem suggested that a defined process is needed for raising MCS issues.

ACTION – DECC to chase MCS for action on metering.

4. AOB

- a) Voluntary FIT Licensees – some unable to facilitate FIT payments to generators 30-50kW due to balancing and settlement issues. Ofgem would consider this non-compliance.

ACTION – provide more detail on the issue.

- b) Guidance on MCS Equivalent – DECC has completed and being the document is being reviewed internally.
- c) Solar PV Units – 10 audits to be completed. End of July (3x5MW & 2xMW) and 5 further audits early Aug.

ACTION – DECC to provide defined installation costs for each technology