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Rt Hon Gregory Barker MP
Department of Energy and Climate Change
3 Whitehall Place
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SW1A 2AW

17th August 2011

Dear Greg

Feed-in Tariffs and definition of 'site'

Thank you for your recent letter regarding the Feed-in Tariff (FIT) definition of 'site'.

In its first year of operation, the FIT scheme has been successful with significantly higher than projected uptake of renewable microgeneration. This has included 38 hydro installations with a capacity of 7.3MW.

During this first year, we have worked closely with DECC colleagues to resolve a number of initial challenges that required urgent attention. One such challenge resulted in allowing micro-hydro installations (50kW or less) to use the ROO-FIT accreditation process in the absence of MCS hydro standards. To date, we have implemented two amended Orders into our administrative processes.

Definition of 'site'

Ofgem's statutory duties for accrediting installations for the FIT scheme are set out in Article 5 of The Feed-in Tariff (Specified Maximum Capacity and Functions) Order 2010. The term 'site' is defined in Schedule A of Standard Licence Condition 33. We are required to assess each FIT application on a case-by-case basis against the legislative requirements of the scheme. Ofgem's determination of the 'site' of an installation is completed as part of the application process.

As you mention in your letter, the FIT Order does not allow for the pre-determination of the 'site' of an installation.

We see the first full scale review of the FIT scheme as an opportunity to look wholesale at the scheme to identify any new or outstanding issues and areas for improvement. We therefore sent a written response to your colleagues at DECC in May of this year to suggest that the following is taken into account in the Comprehensive Review of the FITs scheme:

- Consideration is given to the need for preliminary accreditation in the FITs scheme in order to provide greater certainty to applicants at the planning stage. We consider that preliminary accreditation is not appropriate for microgeneration installations. However the concept of preliminary accreditation being introduced for the purposes of ROO-FIT installation may prove to be valuable to industry participants.
- The definition of 'site' is reviewed as to whether it can be more prescriptive to provide greater clarity to industry. Specifically we have suggested that there are further provisions for the definition of 'site' for installations located on a private wire network. (hydro projects are an example of such arrangements).

Over the coming weeks we will be also be contributing to DECC's initial brainstorming work as part of the Comprehensive Review.

In order to help the industry better understand the FIT legislation and Ofgem's administration of the scheme, we have also recently published the "Feed-in Tariff: Guidance for renewable installations". This document includes specific guidance on the definition of 'site'. We also regularly provide bespoke advice by email, letter or telephone about how 'site' is determined.

We have been in regular contact with [redacted] since the beginning of the year and our FITs Generation Manager (Sarah Piggott) attended a meeting with DECC and a number of Scottish hydro developers in March 2011 to discuss the issue of 'site'. The feeling from that meeting was that the banks were unwilling to lend without formal comfort from Ofgem about whether the projects (and any future extensions) would be considered to be located on one or multiple sites. Our suggestions for the Comprehensive Review of FITs should assist with this issue.

We will continue to provide advice to [redacted] and all other individuals or companies interested in the FIT scheme. We look forward to working with DECC on the 2012 changes to the FIT scheme over the coming months.

Yours sincerely

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