



Energy Act: Feed-in Tariffs

Issue:

Increasing the specified maximum capacity of the Feed-in Tariff scheme from 5 MW to 10 MW for community projects.

Policy commitment:

The Feed-in Tariff (FITs) scheme currently supports a wide range of different projects generating energy from five different low carbon technologies. The scheme is simple to understand and the application process is focused at householders, communities and small businesses.

As part of the Electricity Market Reform process, we consider that larger community energy projects should be able to benefit from the simplicity and certainty offered by the FITs scheme. Larger commercial projects have the resources to manage an application for the Contracts for Difference (CFD) feed in tariff – an option not available to most community schemes.

Legislative proposal:

The purpose of this measure is to enable an increase in the specified maximum capacity of installations eligible for the Feed-in Tariffs (FITs) Scheme from 5MW to 10MW. The intention is to limit this increase to schemes developed by communities.

The proposal changes the meaning of the definition of “maximum specified capacity”. Currently the definition states that “the capacity specified by the Secretary of State by order, which must not exceed 5 megawatts”, but the proposal increases this to 10MW. The increase to 10MW cannot take effect without further changes to secondary legislation, and following Royal Assent we will consult on the necessary amendments to the Feed-in Tariffs Order 2012. The consultation will cover the definition of community, appropriate tariff levels and other related policies, and an impact assessment will also be published.

Relationship to other legislative proposals:

Whilst this section is independent of other proposals in the Bill, it links to the introduction of CFD under Electricity Market Reform. We are aware that most community schemes do not have the resources required to apply for the want to ensure that larger community schemes are able to benefit from the CFD, so are making the benefits of the FITs scheme available to these larger community energy projects.

Background:

The FITS scheme has recently undergone significant reform to provide a financially sustainable, scalable platform for growth. In addition the coalition introduced a community definition and provided non-tariff benefits to those generators which met the definition.

Further information regarding the FITs scheme can be found here: <https://www.gov.uk/government/policies/increasing-the-use-of-low-carbon-technologies/supporting-pages/feed-in-tariffs-scheme>