

Draft modifications to licences under section 6(1)(d) of the Electricity Act 1989, laid before Parliament under section 42(3) of the Energy Act 2008; draft to lie for forty days pursuant to section 42(4) of that Act, during which period either House of Parliament may resolve not to approve the draft.

Modifications under section 42(3) of the Energy Act 2008 of the standard conditions of electricity supply licences granted or treated as granted under section 6(1)(d) of the Electricity Act 1989

The Secretary of State makes these modifications to licences, in exercise of the powers conferred by section 41(1)(b), 41(2)(a), 41(3)(b) and 41(7)(c) of the Energy Act 2008 (“the Act”).

In accordance with section 42(1) of the Act, the Secretary of State has before making these modifications consulted holders of the licences being modified, the Gas and Electricity Markets Authority and such other persons as the Secretary of State considered appropriate.

A draft of these modifications has been laid before Parliament in accordance with section 42(3) of the Act. Neither House of Parliament resolved, within the 40-day period referred to in section 42(4) and (5) of the Act, not to approve the draft.

The modifications: alterations to the indexation of tariffs to inflation

- 1 Schedule A to standard condition 33 of the standard conditions of electricity supply licences is modified in accordance with paragraphs 2 and 3.
- 2 In Annex 4—
 - a. in Part 1, in paragraph 1, at the appropriate place, insert—

““CPI” means the percentage increase or decrease in the Consumer Price Index over the 12 month period ending on 31st December immediately before the start of the relevant FIT Year;”;

- b. in the heading of Part 3, for “FIT Year 5 (2014-15) and subsequent FIT Years” substitute “FIT Years from FIT Year 5 (2014-2015) up to and including FIT Year 16 (2025-26)”;
 - c. after Part 3, insert—

“PART 4

FIT Payment Rates for FIT Year 17 (2026-27) and subsequent FIT Years

Chapter 1

Generation Tariffs

30. The Generation Tariff for electricity generated by an existing installation in the relevant FIT Year shall be the rate applying in the preceding FIT Year, adjusted by CPI.

Chapter 2

Export Tariffs

31. The Export Tariff for electricity exported in the relevant FIT Year from an existing installation shall be the rate applying in the preceding FIT Year adjusted by CPI.”.

3 In Annex 4A—

a. in paragraph 2, at the appropriate place, insert—

““CPI” has the definition set out in Annex 4;”;

b. in Part 2—

i. in paragraph 19, after “subsequent years”, insert “up to and including FIT Year 16”;

ii. after paragraph 19A, insert—

“19B. The Generation Tariffs for electricity generated by an existing installation in FIT Year 17 and subsequent years shall be the rate applying in the preceding FIT Year, adjusted by CPI.”;

c. in Part 3—

i. in paragraph 21, for “in FIT Year 8 and in subsequent years”, substitute “in the FIT Years from FIT year 8 up to and including FIT Year 16”;

ii. after paragraph 21, insert—

“22. The Export Tariff for electricity exported by an existing installation in FIT Year 17 and subsequent years shall be the rate applying in the preceding FIT Year, adjusted by CPI.”.

Explanation of the effect of the modifications

These modifications amend Annexes 4 and 4A to Schedule A to standard condition 33 of the standard conditions of electricity supply licences, which relate to the Feed-in Tariff (FIT) scheme.

Under the FIT scheme, eligible installations receive tariffs (presented as deductions to their electricity bills) when they generate or export renewable electricity. Annexes 4 and 4A to standard condition 33 of the standard conditions of electricity supply set out the generation and export tariffs available under the FIT scheme for FIT year 4 (2013-2014) and subsequent years. These tariffs are indexed to inflation and have changed in line with the retail price index each year since the FIT scheme came into force.

These modifications provide for generation and export tariffs to increase (or decrease, as the case may be) in line with the consumer price index instead of the retail price index for all FIT years from FIT year 17 (2026-27) onwards.

Date the modifications have effect from

The modifications have effect from 31st March 2026.

[Signature]

Secretary of State, Department for Energy Security and Net Zero

[Date]