
EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which applies to Great Britain, makes provision for the purposes of a feed-in tariffs scheme (“FIT scheme”), under which licensed electricity suppliers will pay small-scale generators of renewable electricity at prescribed tariffs for the amounts of electricity that they generate and the amounts that they export to the distribution network. The Order confers functions on the Gas and Electricity Markets Authority (“the Authority”) and the Secretary of State in connection with the administration of the FIT scheme. Other provisions of the FIT scheme are contained in the modifications made to electricity supply licences under section 41 of the Energy Act 2008 (c.32) (“the FIT licence modifications”) and which are available from the Department of Energy and Climate Change, 3 Whitehall Place, London SW1A 2AW.

Article 3 sets the specified maximum capacity for eligible installations in the FIT scheme at 5 megawatts.

Chapter 1 of Part 3 (articles 4 to 9) gives the Authority the duty of accrediting eligible installations as accredited FIT installations for the purposes of the FIT scheme. An “eligible installation” means an installation capable of producing small-scale low carbon generation from one of the following sources of energy or technologies: (a) anaerobic digestion, (b) hydro generating station, (c) combined heat and power with an electrical capacity of 2kW or less, (d) solar photovoltaic or (e) wind.

Article 5 provides for the accreditation of eligible installations which were not previously accredited under the Renewables Obligation Order 2009 (S.I. 2009/785) or the Renewables Obligation (Scotland) Order 2009 (S.S.I. 2009/140) (collectively described as the “ROO”). Articles 6 and 7 provide for the accreditation of eligible installations which were previously accredited under the ROO.

Article 8 and 9 provide exceptions to accreditation. In particular and there are restrictions on the accreditation of installations where the capital costs of purchase or installation have been funded by a grant from public funds. Article 9 sets a limit of 30,000 on the number of combined heat and power installations using fossil fuel that may be accredited.

Chapter 2 of Part 3 (articles 10 to 14) confer additional functions on the Authority in relation to accreditation. Under article 10 the Authority must assign a tariff code to each type of accredited FIT installation. Under article 11 the Authority must assign a unique identifier to each accredited FIT installation. Under article 12 the Authority must determine the site of an accredited FIT installation.

Under article 13 the Authority must adjust the FIT payment rate table (which appears in the FIT licence modifications) in line with the retail price index every year and publish the updated table. Under article 14 the Secretary of State must determine the amount of electricity deemed to be exported by certain small accredited FIT installations which do not have an export meter.

Part 4 (articles 15 and 16) provide for the accreditation of extensions to accredited FIT installations.

Part 5 (articles 17 to 21) provides for the keeping of a central FIT register. Under article 17 the Authority must keep and maintain the central FIT register, which must contain the information in the Schedule. It also provides that the Authority must publish certain information from the register. Articles 18 to 21 make provision for changes to the register.

Part 6 (articles 22 to 35) make provision for a levelisation process, under which FIT licensees are to make payment to or receive payments from the Authority for the purpose of ensuring that the costs of participating in the FIT scheme are proportionate to their market shares in the electricity supply market in Great Britain. Articles 22 to 27 provide for the Authority to make and to receive annual

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levelisation payments. They also describe the calculations required to determine annual levelisation payments. Under article 28 the Secretary of State must determine certain values and costs for the purposes of calculating annual levelisation payments.

Articles 29 to 31 provide for the Authority to make and to receive periodic levelisation payments on account of annual levelisation payments. Under article 31, the Authority must determine and publish the periods when periodic levelisation payments will be calculated.

Article 32 requires the Authority to keep a fund (“the levelisation fund”) into which and from which levelisation payments are made. Article 33 provides for the Authority to give notices relating to the making of levelisation payments. Article 34 describes the steps that the Authority may take where a levelisation payment is made late. Under article 35 the Authority may defer making part or all of a levelisation payment due until such time as there are sufficient moneys in the levelisation fund.

Part 7 (articles 36 to 41) confers additional functions on the Authority. Under article 36 the Authority may publish procedural guidance in connection with the administration of the FIT scheme. Article 37 provides that the Authority must publish information it has received from FIT licensees in FIT notifications. Under article 38, the Authority must provide an annual report to the Secretary of State. Under article 39, the Authority may require information from a licensee in order to discharge its functions under the FIT scheme. The Authority must provide information to the Secretary of State as is requested. Under article 40, the Authority may give notice to a FIT licensee to reduce, withhold or recoup FIT payments to a FIT generator or nominated recipient where it has good reason to believe the FIT generator or nominated recipient has received a FIT payment to which it was not entitled. Article 41 describes the form of notices under this Order.

An impact assessment has been prepared in respect of this Order and copies can be obtained from the Department of Energy and Climate Change, 3 Whitehall Place, London, SW1A 2AW.