

8th September 2016

Feed-in Tariff Scheme Background

The Feed-in Tariff (FiT) scheme is a government programme designed to promote the uptake of small-scale renewables and low-carbon electricity generation technologies.

Introduced on 1 April 2010, the scheme requires participating licensed electricity suppliers to make payments on both generation and export from eligible installations.

The FiT scheme is available for anyone who has installed, or is looking to install, one of the following technology types up to a capacity of 5MW, or 2kW for micro-CHP:

- Solar photovoltaic
- Wind
- Hydro
- Anaerobic digestion (AD)
- Micro-CHP

SmartestEnergy's withdrawal as a Voluntary FiT Licensee

Following the decision by SmartestEnergy not to renew our status as a Voluntary FiT Licensee from 1st April 2017, please see Q&A section below for information:

Q: Why is SmartestEnergy withdrawing from the FiT scheme?

As detailed in our letter, the risk of generator opt-in to the Export Tariff under the scheme whereby if the wholesale export power plus associated benefits is below the level of the Export Tariff, then we suffer an unrecoverable loss. This is because the Export Tariff is not levelised (i.e. consumers are not levied for this under the scheme) In addition, given that FiT eligibility last 20 years, this potential risk is not sustainable.

Q: What happens now?

It means that you will need to appoint an alternative FiT Licensee of your choice and complete the switch before 31 March 2017, in order to continue receiving FiT payments from 1 April 2017.

Q: What happens if I do not sign up with a new FiT Licensee?

After 31 March 2017, SmartestEnergy will no longer have any obligations under the FiT Scheme to make tariff payments to generators; consequently your FiT payments may cease until you appoint a new Licensee. Please note, the onus is on the generator to switch FiT Licensee in time.

Q: Who do we appoint as our new FiT Licensee?

Under the scheme there are two categories of FiT Licensee (Voluntary & Mandatory).

A Mandatory FiT Licensee is obligated, when approached, to register and make FiT payments to:

- Its own electricity supply customers
- An electricity supply customer of a Licensed Electricity Supplier who is not a Mandatory FiT Licensee

- A generator with an Eligible Installation on a site situated off grid

Notwithstanding its obligation, a Mandatory FIT Licensee is free to register and make FIT payments to any eligible generator it chooses to offer FIT services to.

For assistance, a full list of all FIT Licensees and their contact details can be found here: <https://www.ofgem.gov.uk/environmental-programmes/fit/contacts-guidance-and-resources/fit-licensee-contact-details>.

SmartestEnergy will assist fully in the process of transition to the alternative FIT Licensee of your choice.

Q: Will I have to sign another FIT Agreement?

Yes, your new FIT Licensee will require you to sign up to their Statement of FIT Terms and Conditions.

Q: Will my FIT tariff rates change?

No, the applicable tariff will be maintained, including any index-linked increase.

Q: Will the FIT eligibility date(s) alter?

No, the eligibility date will remain as detailed on the Central FIT Register (CFR).

Q: What will be my responsibilities to ensure a smooth transition to a new FIT Licensee?

Complete a new FIT Application detailing all relevant information requested by your new FIT Licensee; provide all relevant meter reads as requested.

Q: How will the CFR be updated to reflect the FIT Licensee switch?

There is a well-documented switch process provided by Ofgem that all FIT Licensees are familiar with to allow the CFR to be updated.

Q: When should I start the switch process?

You can start the switching process now, please note this must be completed by 31st March 2017.

Q: Who can I contact if I require additional help?

We can direct you to an intermediary who will offer a managed switching service. Please contact your dedicated Account Manager if this would be of interest.

Q: Will this mean my PPA with SmartestEnergy is null & void?

No, this decision only affects your quarterly FIT tariff payments. Your monthly statements will continue to be sent as before and indeed SmartestEnergy will also continue to provide Power Purchase Agreements (PPA's) to FIT generators.

Please contact your Account Manager if you have any additional questions not covered in this FAQs document.