

# FITs Factsheet - RPI link, Export Tariffs, 2 Month Degression

## **Retail Price Index Link**

- RPI adjustment is applied every 1 April. It is the percentage increase or decrease in the Retail Price Index over the 12 month period ending on 31st December immediately before the start of the relevant FIT Year
- Ofgem publish the tariffs in February each year – RPI tariff tables are available on the [Ofgem tariff tables' page](#).
- Tariffs are affected by RPI in different ways (see below)

## **PV Generation Tariffs**

- In May 2012 we announced the new tariffs for PV and the degression policy which started on 1 Aug 2012
- There have been trigger points in Nov 2012, Feb 2013 and one coming May 2013, some tariffs have therefore been reduced - current tariffs for all PV bands are in the [Ofgem tariff tables' page](#).
- The RPI adjustment is applied based on an installation's eligibility date:
  - After first degression period (1 November 2012) until 31 March 2013, there will be no RPI adjustment in 2013 - these installations will then receive the first RPI adjustment on 1 April 2014, Thereafter;
  - installations with eligibility date between 1 April-31 December receive RPI adjustment from 1 April of the *next* FITs year
  - installations with eligibility date between 1 January – 31 March receive RPI adjustment from 1 April in the *following* FITs year
- The reason for this approach is that investment decisions are made based on tariffs at the time. The RPI link is designed to reflect the impact of *annual* inflation on this decision and it is therefore consistent to apply the RPI adjustment during the relevant calendar year. This is explained on page 22 of the [Phase 2a Government Response](#).
- Legislation reference is paragraph 9(b) and paragraph 29 (b) of Annex 4 to the Feed-In Tariffs: Modifications To The Standard Conditions Of Electricity Supply Licences (No. 4 Of 2012)

## **Export Tariff**

- This is based on the expected value of electricity “spilled” to the network
- The tariff is increased in April every year with RPI (based on process explained above)
- Generators receive the export tariff based on their eligibility date (which is then adjusted each April by the RPI percentage)
- So far there are two base levels of export tariff:
  - 3p – start of scheme nominal value, actual rate is currently 3.2p/kWh and will increase to 3.3 p/kWh from April 2013
  - 4.5 p/kWh - Post 1 Aug 2012 (for PV) and post 1 Dec 2012 (for non-PV) nominal value; this will increase to 4.64 p/kWh from April 2013
- Legislation reference is paragraph 10 and 30 of Annex 4 to the Feed-In Tariffs: Modifications To The Standard Conditions Of Electricity Supply Licences (No. 4 Of 2012)

## **Timing of Degression Quarters for Generation Tariffs**

- The original PV policy decision was for degression quarters to be 1 Aug/Nov/Feb/May/(and then Aug again)
- Following publication of [Phase 2b Government Response](#), in which the degression for Non PV installations is annual (on 1 April each year), it makes more sense to align to two degression policies.
- To achieve this we intend to have one 2 month period in which the trigger is 2/3 of a normal degression trigger level, there will be a 2 month degression period (deployment period is Feb - March 2013, tariff period is 1 July 2013 – 30 Sept 2013)
- From then on, degression periods will be 1 July/Oct/Jan/April each year for solar PV
- Legislation reference is Annex 3, especially the table under paragraph 1, page 28 and paragraph 19, page 32