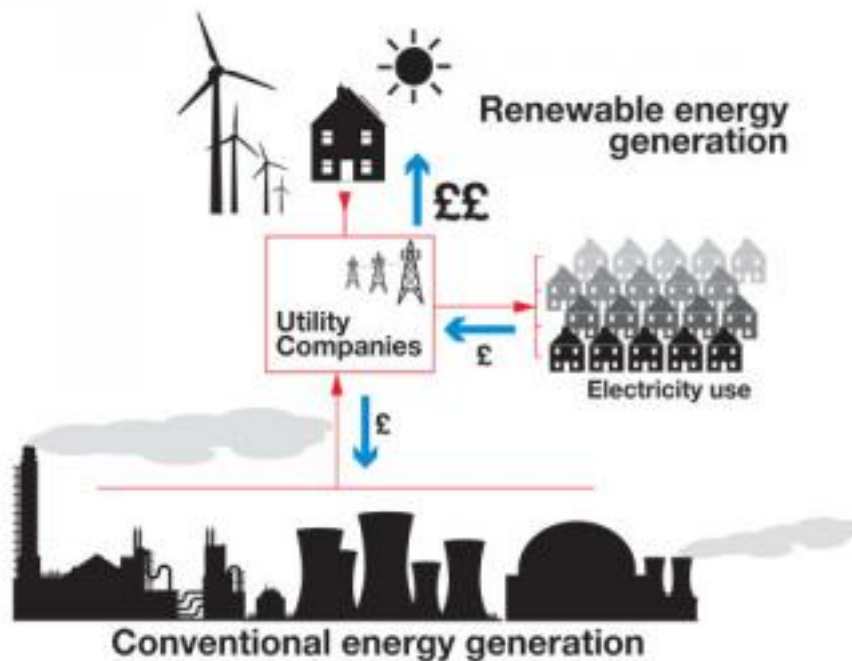




Feed-In Tariff explained



What is a renewable energy 'Feed-in Tariff'?

Across the rest of Europe, Feed-in Tariffs (FITs) provide a long-term financial incentive for generators to invest in renewable energy. This includes small scale generators such as households, community groups and businesses, as well as large-scale renewable energy developments.

Under a FIT system, regional or national electricity companies are obligated by governments to buy renewable electricity (electricity generated from renewable sources such as solar photovoltaics, wind power, biomass, and geothermal power) at above market rates. These rates differ between the different forms of power generation, depending on the capital cost and commercial maturity of each technology.

Who has 'Feed In Tariffs'?

European countries with long-term feed-in tariffs include Germany, France, Poland, the Czech Republic, Spain, Italy, Netherlands, Greece, Portugal, Switzerland, Bulgaria, Hungary, Latvia, Lithuania, Belgium, Slovenia and the Slovak Republic.

How do they work in practice?

With a feed-in tariff system, a fixed price is paid for the electricity produced from renewable energy sources, usually with different price levels set for different technologies. The electricity that is generated is bought by the utility company at above market prices. For example, if the retail price of electricity is 13p/kWh then the rate for solar power might be 40p/kWh.

Feed in Tariffs usually reduce year on year over the 15-20 year lifetime of the measure, typically by 5%. This is precisely to reflect the impact of rapidly increasing installation rates on end prices charged to consumers, with the goal of enabling industries to "stand alone" at the end of the tariff period.

The difference in the tariffs paid is funded in Germany, for example, from a small levy charged on all electricity consumers. Here in the UK, a FIT could be funded through other means but if we were to adopt a levy approach this would add literally a few pence per month to household bills.

Organisations supporting the introduction of a Feed-in Tariff now include:

the TUC, Energy Saving Trust, UK Green Building Council, SERA, Town and Country Planning Association, RSPB, Greenpeace, Friends of the Earth, WWF, Green Alliance, Country Land and Business Association, Home Builders Federation, Federation of Master Builders, Chartered Institute of Housing, Energywatch, Renewable Energy Association, Solar Trade Association, Ground Source Heat Pump Association, Co-op, Michael Meacher MP (former Labour Environment Minister), John Battle MP (former Labour Energy Minister), Elliot Morley MP (former Labour Climate Change and Environment Minister), Dr. Phyllis Starkey MP (Labour Chair Communities and Local Government Select Committee), Colin Challen MP (Labour Chair All Party Climate Change Group), Alan Simpson MP (Labour Chair All Party Warm Homes Group), The Conservative Party, The Liberal Democrats, and The Green Party.