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Feed in Tariff (Clean Energy Cashback)

On the 15th of July 2009 the UK Government announced illustrative **feed in tariffs** (also known as 'Clean Energy Cashback') for small wind turbines and photovoltaic solar panels. The rates have now been finalised (see http://www.decc.gov.uk/en/content/cms/news/pn10_010/pn10_010.aspx) and are:

Size & nature of system	Payment / kWh generated
<4kWp New build	36.1p
<4kWp	41.3p
4 – 10kWp	36.1p
10 – 100kWp	31.4p

These tariffs replace the old grant and Renewable Obligation Certificate system, and are intended to be incentive enough for people to install renewable energy without grant funding. Payments are linked to inflation, and will begin on 1st April 2010 to continue for a period of 25 years. The FiT is subject to degeneration which will reduce the rate, but only for new installations – once you install the system the rate is set.

So for an example 2kWp system generating 1600kWh / year, you could expect;

1. 1600 x 41.3p = £661
2. 800 x 14p = £112
3. 800 x 5p = £40

Total 1st year income = £813

Notes;

2. Assumes 50% of the power generated is used in the home (during sunny days), offsetting usual import cost of around 14p / kWh
3. Other 50% exported to the grid at minimum export price of 5p / kWh. Generators will be able to negotiate better deals with suppliers and actual export value is likely to move closer to market value as suppliers compete.

The 2kWp system above would typically cost £10500 (including 5% VAT).

Payback – At a cost of £10500 and with a 1st year benefit of £813, this example system will pay for itself in under 13 years. This ignores the effect of inflation and electricity price rises which will continually increase the value of the system.

