



Hydropower

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Feed In Tariff Announcement

01 February 2010

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DECC announces final Feed-In-Tariff structure

The Department of Energy and Climate Change has today (01 February 2010) published the finalised version of the Feed-in Tariff scheme, showing strengthened tariffs for hydro technologies.

Today's announcement revealed that under the eagerly awaited Feed-in Tariff (FiT) scheme, some micro-generators will receive higher rates than first proposed and the tariff 'bands' have been restructured, to some extent, in line with recommendations from the British Hydro Association(BHA).

An initial analysis of DECC-published press release (see link below) suggests that four 'bands' will be maintained according to the following table:

Lower limit (kW)	Upper limit (kW)	Generation tariff (p/kWh)	Fixed export tariff (p/kWh) - can opt out	Total tariff (p/kWh)
0	15	19.9	3	22.9
15	100	17.8	3	20.8
100	2000	11	3	14
2000	5000	4.5	3	7.5

The announcement explains that the dual 'export' and 'generation' tariff structure proposed in the original consultation has been maintained with the 'export' element fixed at 3p/kWh. Furthermore the option to 'opt-out' and 'opt-in' to the export tariff on an annual basis is now allowed. This provides the "best of both worlds" in terms of a floor (3p/kWh) and the freedom to sell on the open market if energy prices are higher in the future .

Commenting on the news, Carl Crompton of Gilkes Energy said "This is positive news. DECC have listened to the evidence we presented them during the consultation phase and modified the structure accordingly. The new Feed-In-Tariff structure is positive news for all hydro developers as the tariffs are higher than originally proposed in the initial consultation document.

The certainty of these tariffs means that a number of projects, currently 'on-hold' pending confirmation, can now proceed with complete clarity on future revenues.

We also welcome the fact that tariffs, both generation and export, are indexed against RPI. This means that developers can confidently "opt-in" to the Feed-In-Tariff scheme and so secure finance without worrying about the effects of future inflation."

For further information see the DECC press release:

http://www.decc.gov.uk/en/content/cms/news/pn10_010/pn10_010.aspx

If you'd like to speak to someone at Gilkes Energy about the implications of Feed In Tariffs, please contact:

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