

## Understanding Feed-in-Tariff's

**Get FiT in 5 minutes!**



Want to find out how you can improve the energy efficiency of your home, reduce your electricity bills and earn money by generating electricity with your Tesco Solar Electricity system – but minus the jargon and confusion? No sweat!

Follow our simple guide to the new feed-in-tariffs and we will soon have you and your solar PV system fighting fit!

### Key terms:

To understand feed-in-tariffs you first need to understand the following key terms:

**Feed-in-Tariff (FiT)** = The FiT (also known as the Clean Energy Cash Back) is a collective term which covers everything related to the electricity your PV system generates and how much you get paid for it. Under the FiT there are two tariffs; the Generation Tariff and Export Tariff



**Generation Tariff** = This is a set tariff through which your electricity supplier pays you a fixed amount for every unit of electricity your PV system generates for 25 years, whether you use this electricity or export it to the national grid

**Export Tariff** = This is the amount you earn in addition to the Generation Tariff for any electricity you don't use and export back to the national grid, through your electricity supplier

**Avoided Costs** = These are the savings you make on your electricity bill by not having to import electricity from the national grid, and by generating your own electricity 'on-site'

**Imported Electricity** = This is the amount of electricity you import direct from your electricity supplier

## What's the rush?



The Generation Tariff is not fixed – it drops every year after April 2012!

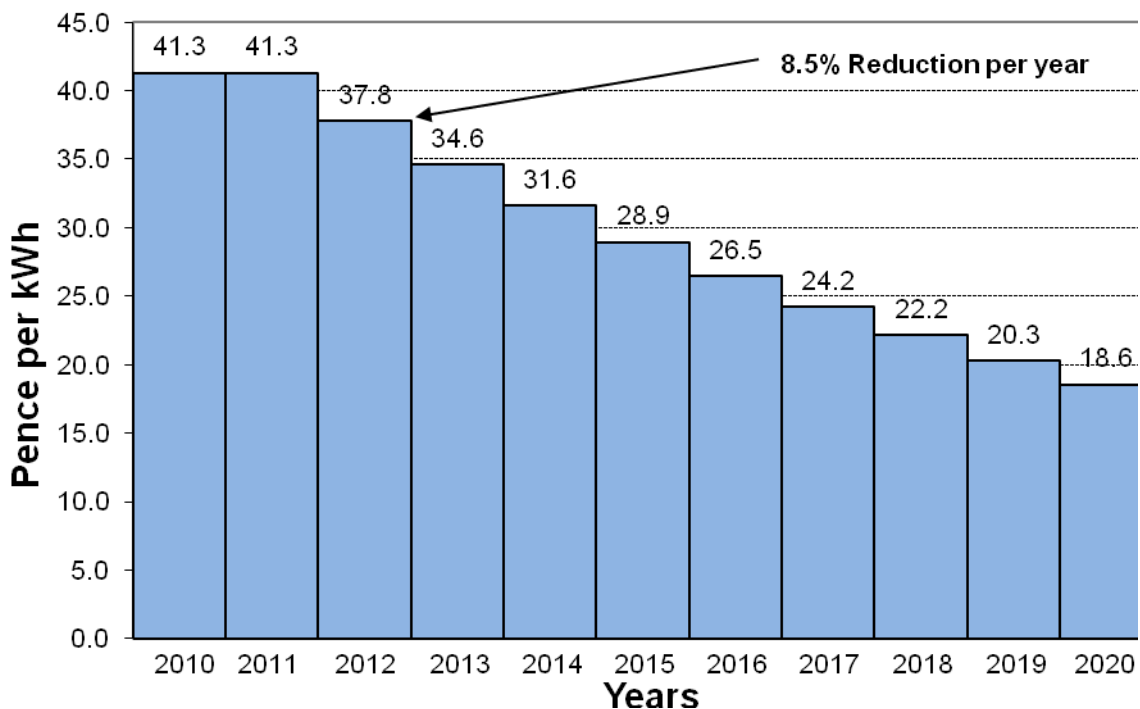
To encourage people to install solar electricity systems sooner rather than later (so for the more immediate benefit of the environment) the Government has introduced a generous Generation Tariff for all solar electricity installs fitted before April 2012.

The Generation Tariff is set at 41.3p/kWh. By installing a solar electricity system now (and before April 2012) you are guaranteed to be paid this rate for the lifetime of your system (set at 25 years). Plus the Government has ensured the Generation Tariff will track inflation, ensuring you get paid a fair price year on year.

But... the Generation Tariff will drop by 8.5% every year after April 2012. So if you wait until 2015 to purchase your PV system you'll only get 28.9 p/kWh for everything it generates, compared to 41.3p/kWh if you purchase before April 2012.

So to guarantee you get the highest possible price for every unit of electricity your solar electricity system generates over its lifetime, you should install your system now or before April 2012 when the Generation Tariff will decrease.

### Generation Tariff Rate Decrease 2012-2020



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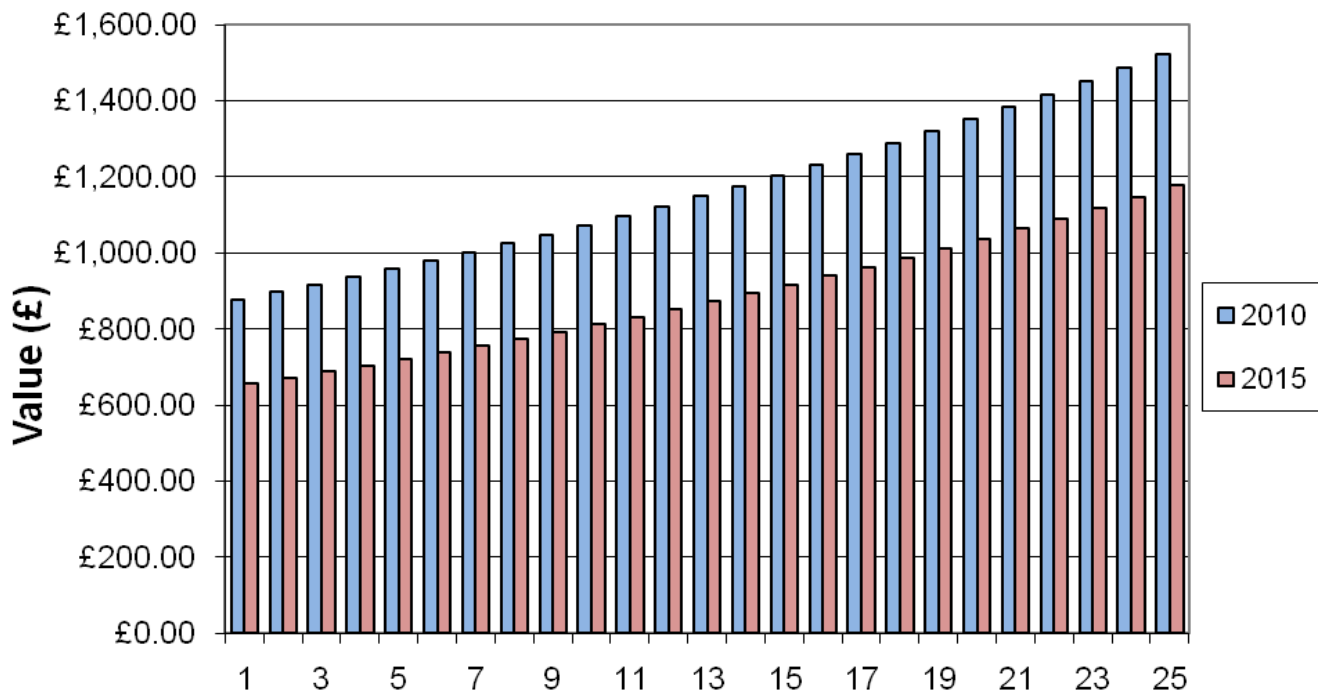
### How does this impact how much I could earn?

For example, if you wait until 2015 to purchase your solar electricity system, you could lose as much as £5,000 over the systems lifetime\*!

Year(s) of Operation	Income & savings for system purchased in 2010	Income & savings for system purchased in 2015	Lost earning if purchasing in 2015 rather than in 2010
1	£877.86	£657.40	£220.46
15	£1,202.87	£916.41	£286.46
25	£1,522.49	£1,177.12	£345.38

\*Based on a 2.1kWp system

### Cumulative Income + Savings

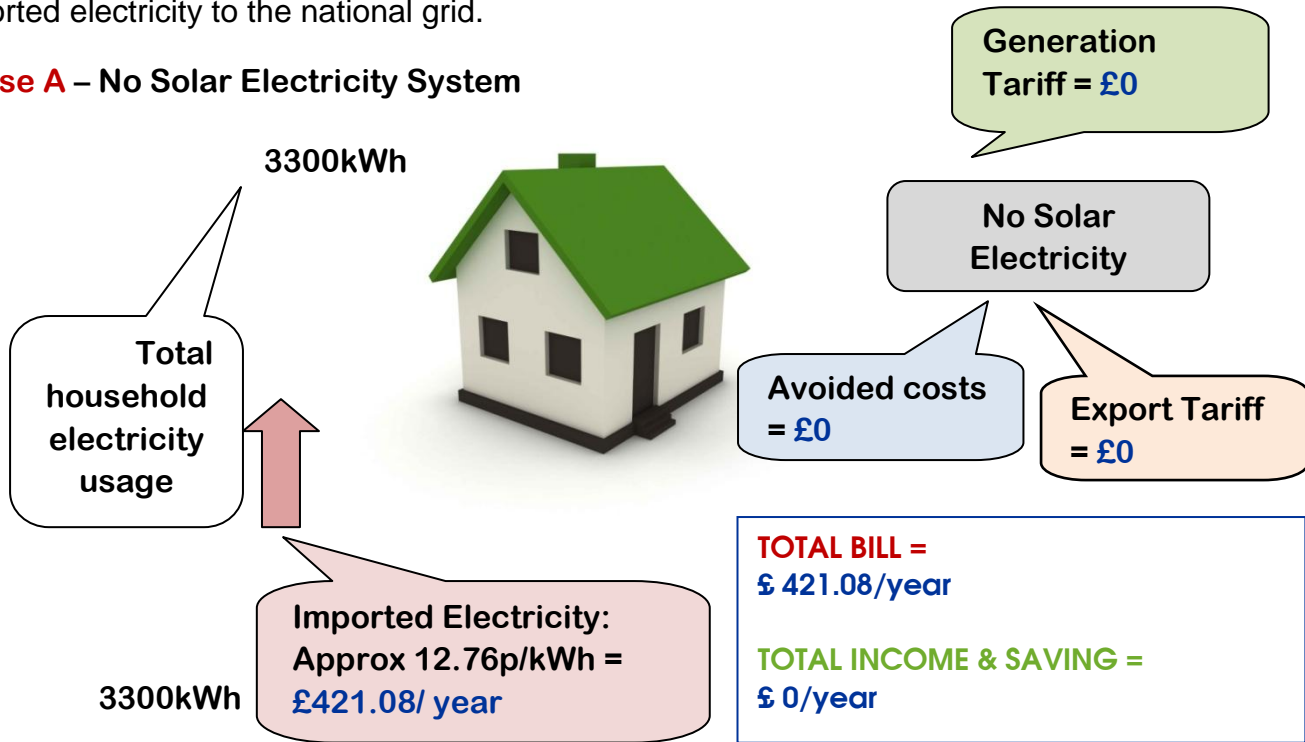


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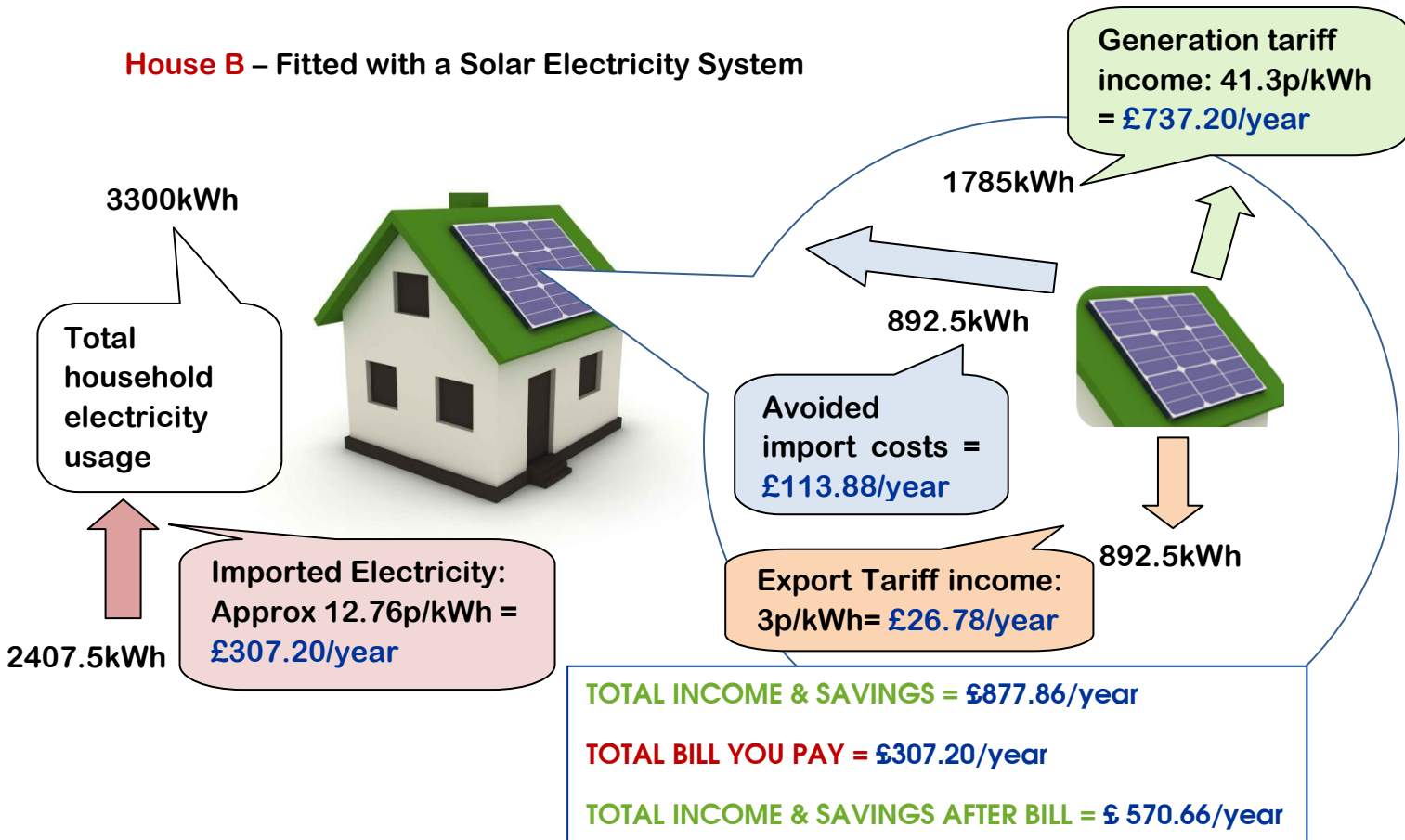
## How does it work?

The below diagrams show House B has reduced its imported electricity consumption and avoided costs by using a 2.1kWp solar system to generate electricity on site and exported electricity to the national grid.

### House A – No Solar Electricity System



### House B – Fitted with a Solar Electricity System



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- ✓ House B uses a total of 3300 kWh of electricity per annum
- ✓ House B generates 1785 kWh of electricity per year from the solar electricity system (Generation Tariff)
- ✓ The occupants use 892.5 kWh of the electricity they generate (Avoided Costs) and export 892.5 kWh to the grid because it is generated at times when House B does not use it (Export Tariff)
- ✓ House B uses 3300 kWh of electricity so needs to import 2407.5 kWh of electricity from the grid to meet this, a reduction of 892.5 kWh compared to imported electricity to House A (Avoided Costs)

**The household receives benefits in three different ways:**

1. **Generation Tariff:** A fixed price for each unit (i.e. kWh) of electricity generated by the solar electricity system, whether used within the home or exported, guaranteed for a period of 25 years at a rate of 41.3p/kWh = **£737.20**
2. **Export Tariff:** A price for each unit of electricity generated by the solar electricity system and exported to the grid, guaranteed for a period of 25 years at a minimum rate of 3p/kWh = **£26.78**
3. **Avoided Costs:** The savings from reducing the import of electricity by using the electricity generated from the solar electricity system, thus providing lower bills and the benefit of being at least partially protected from future price rises in electricity = **£113.88**

It should also be noted that the cost of purchasing electricity from the grid will inevitably rise in the future which will mean even greater savings!

Please note: the current approximate cost of installing a 2.1kWp solar electricity system is £9,999.

## What does this mean in terms of money?

After paying for importing a small amount of electricity from their usual supplier, House B, compared to House A, will still generate the homeowner a combined income and saving of £570.66 per year!

See the table below for a breakdown of this:

	House A	House B
Import Costs - £Pay	3300 x 12.76p/kWh = £421.08 /year	2407.5 x 12.76p/kWh = £307.20/year
Generation Tariff - £Earn	£0	1785 x 41.3p/kWh = £737.20/year
Export Tariff - £Earn	£0	892.5 x 3p/kWh = £26.78/year
Avoided Costs - £Save	£0	892.5 x 12.76p/kWh = £113.88 /year
<b>Overall Total</b>	<b>- £421.08 per year</b>	<b>+ 570.66 per year</b>

\*Figures based on example shown using a 2.1 kWp system and 50% usage

## Great... where do I sign!?

Once your solar electricity system has been installed, simply contact your electricity company to inform them and to arrange for them to send you a form to apply for their Generation and Export Tariff.

It is advisable that you contact other electricity suppliers to determine that you are getting the best tariffs (as some electricity suppliers may offer higher Generation Tariffs and Export Tariffs than the Government standard).

For advice and assistance in this process contact the Tesco Home Efficiency team.

**For more information about Tesco Renewable Energy contact the  
Tesco Home Efficiency team on:**

**Call: 0800 321 3456**



**Website: [www.tesco.com/renewable](http://www.tesco.com/renewable)**

