

Understanding the Feed-in Tariff

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 Feed-in Tariff and we will soon have you and your solar electricity system fighting FiT!

Key terms:

To understand the Feed-in Tariff 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 amount you get paid for the electricity your solar electricity (also known as solar PV, or photovoltaic) system generates. 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 solar electricity system generates for 25 years, whether you use this electricity or export it to the National Grid.

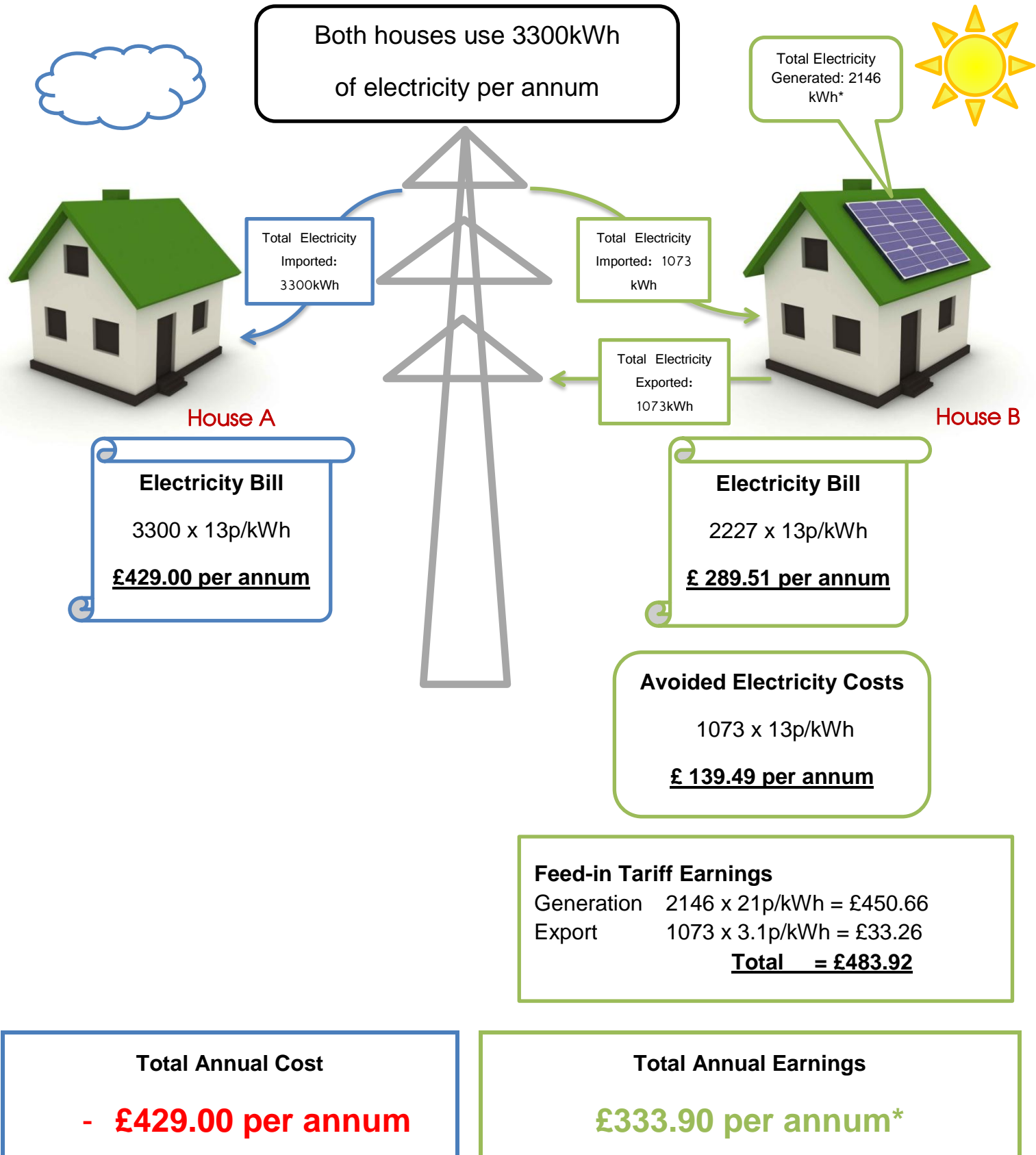
Export Tariff = This is the amount you earn in addition to the Generation Tariff for any electricity you don't use and export back to the National Grid.

Avoided Costs = These are the savings you make on your electricity bill by using the electricity you generate 'on-site' and not having to import electricity from the national grid.

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

How does it work?

Below is a diagram that shows the difference between two houses that both use the same amount of electricity in a year - one doesn't have solar panels, the other does.



*Figures in example based on a 2.5kWp system, south facing, under 20% shade, 30 degree pitch and 50% usage

House B explained:

- ✓ House B uses a total of 3300 kWh of electricity per annum
- ✓ House B generates 2146 kWh of electricity per year from the solar electricity system (Generation Tariff)
- ✓ The occupants use 1073 kWh of the electricity they generate (Avoided Costs) and export 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 kWh of electricity from the grid to meet this, a reduction of 2227 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 21p/kWh = **£450.66**
2. **Export Tariff:** A price for each unit of electricity generated by the solar electricity system and exported to the National Grid, guaranteed for a period of 25 years at a minimum rate of 3.1p/kWh = **£33.26**
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 = **£139.49**

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 2.5kWp solar electricity system is £9,599 (this includes the Solar Summer 20% discount, which expires 31st August 2011).

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 ensure you get the best tariffs, as some electricity suppliers may offer higher Generation Tariffs and Export Tariffs than the Government standard.

For more information, contact the Tesco Home Efficiency team on:

Call: **0800 321 3456**

Website:

www.tesco.com/homeefficiency

