



P H O T O N
E N E R G Y

Leading the way with renewable energy

The feed-in tariff

The “feed-in tariff” was introduced in April 2010 and is the new mechanism to support the introduction of small-scale renewable energy technologies across England, Scotland and Wales. Feed-in tariffs have been used for over 10 years in Germany and other European countries to great effect.

There are three components to the feed-in tariff:

Generation tariff: the owner of the system will receive a quarterly payment for every unit of electricity (kWh) generated by the system. This payment is made by the electricity supplier. The payment is made irrespective of whether the electricity is exported back to the grid or used on site. The rate will change each year for new entrants to the scheme (except for the first two years) but the rate stays fixed for the full 25 years. The generation tariff is index linked so will rise with inflation.

Export tariff: the owner of the system will receive an additional payment of three pence for every kWh exported to the grid when it is not used on site. Users can also sell their exported electricity to other suppliers who may be willing to pay a higher price. The export tariff is also index linked and will rise with inflation.

Free electricity: the owner may use any electricity generated by the system free of charge, which will help to reduce electricity bills.

The generation tariff levels for solar PV are:

System size	Year 1 1st April 2010 to 31st March 2011 (p/kWh)	Year 2 1st April 2011 to 31st March 2012 (p/kWh)	Year 3 1st April 2012 to 31st March 2013 (p/kWh)
< 4 kW to new build	36.1	36.1	33.0
< 4 kW to retrofit	41.3	41.3	37.8
4 kW to 10 kW	36.1	36.1	33.0
10 kW to 100 kW	31.4	31.4	28.7
100 kW-5 MW	29.3	29.3	26.8
Ground-mounted	29.3	29.3	26.8



For more information on how Photon Energy can help you to benefit from the feed-in tariff, please contact info@photonenergy.co.uk or 0118 925 5289 or visit www.photonenergy.co.uk

On 1st April 2012, the tariffs payable for new installations will decrease. Further reductions will take place on an annual basis. Payments for systems installed before that date will continue to receive the higher tariffs for the full 25 years. The decrease is to take into account the expected reduction in system prices over time.

Payback period

We estimate that for a solar PV system of 100 kWp, the payback period can be as low as seven years, whilst for a small 2 kWp domestic solar PV system, the payback is around 10 years. Payback periods are very dependent on the size of the solar PV installation and assume the free use of electricity is taken into account.

Eligibility

Feed-in tariffs are currently available for solar PV systems up to 5 MW in size. Systems above 5 MW are supported by the Renewables Obligation (RO).

Finance solutions

The up-front capital cost of a solar PV system or a wind turbine may still represent a considerable barrier, particularly for many public sector organisations. We offer a finance option to spread the capital cost.

Our financing scheme is supported by major UK and European banks. Finance is available from 3 to 12 years through monthly, quarterly or annual payments. Flexible payment profiles are available to meet index-linked feed-in tariff income. The revenues from the feed-in tariff are paid directly to you and not assigned to the finance company.



Over a 12 year term, the lease can be structured so the income and savings from the feed-in-tariff are sufficient to cover the lease payments. This means an investment can be structured to be cash-flow neutral over the term of the lease, then cash-flow positive for the remaining life of the feed-in tariff. This way the

owner can spread the cost of the system yet still retain the benefits of the feed-in tariff in the future.

Furthermore, the lease can be either a finance lease or an operating lease – meaning it can be on or off balance sheet.



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