
STATUTORY INSTRUMENTS

2010 No. 678

**The Feed-in Tariffs (Specified Maximum
Capacity and Functions) Order 2010**

PART 6

Levelisation process

CHAPTER 1

Annual Levelisation

Annual levelisation payments

22.—(1) The Authority must make annual levelisation payments to licensees and receive annual levelisation payments from licensees.

(2) Subject to article 35, the Authority must make annual levelisation payments out of the levelisation fund and ensure that annual levelisation payments are made into the levelisation fund.

(3) The Authority must, in respect of a FIT year, ensure that the total amount of annual and periodic levelisation payments made out of the levelisation fund is equal to the total amount of annual and periodic levelisation payments made into the fund.

Calculation of levelisation payments

23.—(1) On or before 1st October following the end of a FIT year, the Authority must calculate whether or not each FIT licensee is liable to make an annual levelisation payment to the Authority or is entitled to receive an annual levelisation payment from the Authority in respect of that FIT year.

(2) The Authority must make a calculation under paragraph (1) in accordance with article 24.

Calculation of levelisation payments

24. Where in respect of a FIT year the amount of the adjusted FIT contribution of a licensee (“A”)—

- (a) exceeds the amount of A’s market share contribution, A is entitled to receive an annual levelisation payment from the Authority in respect of the difference between those amounts; or
- (b) is less than the amount of A’s market share FIT contribution, A must make an annual levelisation payment to the Authority in respect of the difference between those amounts.

Calculation of FIT contributions

25.—(1) The FIT contribution of a licensee in respect of a FIT year means the sum of the following payments made and costs incurred by the licensee during that year—

- (a) generation payments;

- (b) net metered export payments;
- (c) net deemed export payments; and
- (d) qualifying FIT costs.

(2) The amount of the adjusted FIT contribution of a licensee means the licensee's FIT contribution adjusted by any periodic levelisation payments made by the licensee or periodic levelisation payments received by the licensee in the FIT year.

(3) In this article—

- (a) “net deemed export payments” means deemed export payments made by a licensee, less the value of deemed exports to that licensee, that value having been determined by the Secretary of State under article 28;
- (b) “net metered export payment” means a payment made to a FIT generator or nominated recipient by a FIT licensee in respect of the export of electricity from an accredited FIT installation measured by meter, less the value of that export, that value having been determined by the Secretary of State under article 28;
- (c) “qualifying FIT costs” means the reasonable costs of a licensee incurred as a result of the FIT scheme (excluding the cost of FIT payments), as determined by the Secretary of State under article 28.

Market share FIT contribution

26. The amount of a market share FIT contribution of a licensee (“A”) in respect of a FIT year means the sum of FIT contributions for all licensees for that year multiplied by the market share of A for that year.

Market share

27.—(1) The market share of a licensee (“A”) in a FIT year means the relevant amount of electricity supplied by A in that year expressed as a percentage of the electricity supply market of Great Britain.

(2) In paragraph (1)—

- (a) the electricity supply market of Great Britain means the amount of electricity supplied by all licensees to customers in Great Britain, less the amount of any electricity so supplied that is sourced from renewable sources and generated outside the United Kingdom;
- (b) the relevant amount of electricity supplied by A means the amount of electricity supplied by A to customers in Great Britain, less the amount of any electricity so supplied that is sourced from renewable sources and generated outside the United Kingdom.

(3) In paragraph (2) “customer” has the same meaning as it has in the standard conditions of electricity supply licences.

Determinations and publications made by the Secretary of State

28.—(1) The Secretary of State must determine in respect of a FIT year—

- (a) the value per kilowatt hour of electricity for the purpose of net metered exports;
- (b) the value of deemed exports for the purpose of net deemed export payments;
- (c) the costs of a licensee which constitute qualifying FIT costs.

(2) Except in respect of FIT year 1, the Secretary of State must publish a determination made under paragraph (1) 1 month before the beginning of each FIT year.

(3) For FIT year 1, the values under sub-paragraphs (1)(a) and (b) are as follows—

- (a) the value of electricity for the purpose of net metered exports is 3 pence per kilowatt hour;
 - (b) the value of deemed exports for the purpose of deemed export payments is the amount of electricity deemed to have been exported by accredited FIT installations during FIT year 1, multiplied by the average time weighted system sell price for electricity given in the Balancing and Settlement Code in respect of FIT year 1, this value to be apportioned to a licensee in accordance with the market share of the licensee.
- (4) For FIT year 1, the costs under sub-paragraph (1)(c) may be—
- (i) determined by the Secretary of State during FIT year 1; and
 - (ii) published by the Secretary of State during FIT year 1 after determination has been made.

CHAPTER 2

Periodic levelisation

Periodic levelisation

29.—(1) During a FIT year the Authority must make levelisation payments and receive levelisation payments on account of such payments for that year.

(2) A levelisation payment to be made or received on account under paragraph (1) is a periodic levelisation payment.

(3) Subject to article 35, the Authority must make periodic levelisation payments out of the levelisation fund and ensure that periodic levelisation payments are made into the levelisation fund.

(4) Subject to article 31, it is the function of the Authority to determine the periods during a FIT year when periodic levelisation payments may be made and received (“periodic levelisation periods”).

(5) The Authority—

- (a) may require a licensee to make a periodic levelisation payment at any time during a periodic levelisation period; but
- (b) is not required to make a periodic levelisation payment to a licensee before the end of a periodic levelisation period.

Calculation of periodic levelisation payments

30. In respect of a FIT year, the Authority must calculate periodic levelisation payments for a FIT licensee based on its estimate of the difference between the licensee’s FIT contribution and its market share FIT contribution for that year.

Periodic levelisation periods

31.—(1) A periodic levelisation period—

- (a) must not be longer than 3 months;
- (b) may begin on the first day of a FIT year; and
- (c) must not end after the end of the FIT year.

(2) There may be more than one periodic levelisation period during a FIT year.

(3) Except in respect of FIT year 1, the Authority must publish on or before 1st March before the beginning of each FIT year the periodic levelisation periods which apply for that year.

(4) Subject to paragraph (5), for FIT year 1, the periodic levelisation periods are—

- (a) the period beginning on 1st April 2010 and ending on 30th June 2010;

- (b) the period beginning on 1st July 2010 and ending on 30th September 2010;
 - (c) the period beginning on 1st October 2010 and ending on 31st December 2010;
 - (d) the period beginning on 1st January 2011 and ending on 31st March 2011.
- (5) The Authority may vary the periodic levelisation periods that apply to a FIT year but where it does so it must publish the variation at least 1 month before the variation is to take effect.

CHAPTER 3

General provisions relating to levelisation

Levelisation fund

32. The Authority must maintain a fund (“levelisation fund”) into which payments by FIT licensees and from which payments by the Authority under this Part are to be made.

Notices of levelisation payments

33.—(1) When a licensee is entitled to a levelisation payment from the Authority or the Authority must make a levelisation payment to a licensee, the Authority must give notice of that matter.

(2) Where the Authority gives notice to a licensee stating that it must make a levelisation payment, the notice must state the date on or before which the payment must be received.

(3) Where a licensee is given notice that it is entitled to receive an a levelisation payment, that payment must be made by the Authority as soon as possible after the notice is given.

Late payments

34. Where a licensee fails to make a levelisation payment to the Authority by the date required for such payment (“a late payment”), the Authority may suspend payment of a levelisation payment to which the licensee may be entitled (or part of such payment) until the late payment has been made.

Shortfalls in the levelisation fund

35.—(1) Paragraph (2) applies where the Authority believes that the amount in the levelisation fund will not be sufficient to enable it to make a levelisation payment when that payment is due to be made.

(2) Where this paragraph applies, the Authority may defer the payment of all or part of the amount due until there is a sufficient amount in the levelisation fund.