
STATUTORY INSTRUMENTS

2012 No. 2782

The Feed-in Tariffs Order 2012

PART 6

Levelisation

Levelisation fund

25.—^[F1] The Authority must maintain a fund (the “levelisation fund”) into which payments by licensees and from which payments by the Authority under this Part are to be made.

^[F2](2) The Authority may use the interest accruing on the levelisation fund to pay for all or part of its reasonable costs.]

^[F2](3) In this article, “reasonable costs” means costs of the Authority incurred as the result of administering the FIT scheme, as determined by the Secretary of State under article 38(1)(e).]

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| <p>F1 Art. 25(1): art. 25 renumbered as art. 25(1) (15.1.2016) by The Feed-in Tariffs (Amendment) (No. 3) Order 2015 (S.I. 2015/2045), arts. 1, 17 (with art. 24)</p> <p>F2 Art. 25(2)(3) inserted (15.1.2016) by The Feed-in Tariffs (Amendment) (No. 3) Order 2015 (S.I. 2015/2045), arts. 1, 17 (with art. 24)</p> |
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Calculation of annual levelisation payments

26.—(1) On or before 1st October following the end of each FIT year, the Authority must calculate the amount which each licensee is entitled to receive from, or required to pay into, the levelisation fund in respect of that FIT year in accordance with paragraphs (2) and (3).

(2) If the adjusted FIT contribution of a licensee for the FIT year was greater than its market share FIT contribution, the licensee is entitled to receive an annual levelisation payment equal to the difference between those amounts.

(3) If the adjusted FIT contribution of a licensee for the FIT year was less than its market share FIT contribution, the licensee must make an annual levelisation payment equal to the difference between those amounts.

Calculation of FIT contributions, etc.

27.—(1) Before the Authority calculates annual levelisation payments under article 26, it must determine in relation to each licensee—

- (a) the FIT contribution (if any);
- (b) the adjusted FIT contribution;
- (c) the market share; and
- (d) the market share FIT contribution,

of the licensee for the FIT Year.

(2) The FIT contribution of a licensee (“A”) in respect of a FIT year is the sum of the following [^{F3}payments made and incurred] by A during that FIT year—

- (a) generation payments;
- ^{F4}(b)
- (c) net deemed export payments; ^{F5}...
- (d) qualifying FIT costs [^{F6}; and]
- ^{F7}(e) for FIT year 10 and each subsequent FIT year, net metered export payments.]

(3) The adjusted FIT contribution of A in respect of a FIT year is A's FIT contribution (if any) adjusted by—

- (a) adding the amounts of any periodic levelisation payments [^{F8}and mutualisation payments] made by A in respect of that FIT year; and
- (b) subtracting the amounts of any periodic levelisation payments [^{F9}and mutualisation distributions”; and] received by A in respect of that FIT year.

(4) The market share of A in a FIT year means [^{F10}A’s relevant amount of electricity] in that FIT year, expressed as a percentage of the electricity supply market of Great Britain.

(5) The market share FIT contribution of A in respect of a FIT year is the sum of the FIT contributions of all licensees for that FIT year multiplied by the market share of A in that FIT year.

(6) In this article—

[^{F11}“the capped amount of qualifying renewable electricity” is calculated in accordance with article 27A;]

“customer” has the same meaning as in the standard conditions of electricity supply licences;

[^{F12}“EII excluded electricity” means electricity which—

- (a) constitutes EII excluded electricity within the meaning of regulation 6(1) of the Electricity Supplier Obligations (Amendment & Excluded Electricity) Regulations 2015; and
- (b) is supplied on or after—
 - (i) 1st April 2019, where the Secretary of State is satisfied on or before 31st March 2019 that its deduction as set out in the definition of “relevant amount of electricity” would not breach the law relating to state aid; or
 - (ii) where the Secretary of State is not so satisfied on or before 31st March 2019, the first day of the first month following the day on which the Secretary of State is so satisfied;]

[^{F13}“the electricity supply market of Great Britain” means—

- (a) for all FIT years up to and including FIT year 6, the amount of electricity supplied by all licensees to customers in Great Britain less the amount of electricity so supplied that is sourced from renewable resources and generated outside the United Kingdom; ^{F14}...
- (b) for [^{F15}FIT years 7 to 9], the amount of electricity supplied by all licensees to customers in Great Britain less any qualifying renewable electricity;
- (c) [^{F16}for FIT year 10 and each subsequent FIT year, the total of all licensees’ relevant amount of electricity;]

[^{F17}“net deemed export payments” means deemed export payments made by a FIT licensee, less the value of deemed exports to the licensee as determined by the Secretary of State under article 38(1)(a), apportioned to the licensee in accordance with the market share of the licensee;]

[^{F18}“net metered export payments” means payments made to a FIT generator or nominated recipient by a FIT licensee in respect of metered exported electricity from an accredited FIT installation, less the value of the export to the licensee as calculated in accordance with the determination of the Secretary of State under article 38(1)(f);]

^{F19} ...

“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 38(1)(c); and

[^{F20}“qualifying renewable electricity” is electricity which is—

- (a) produced from renewable sources (as defined in regulation 2(1) of the Electricity (Guarantees of Origin of Electricity Produced from Renewable Energy Sources) Regulations 2003);
- (b) generated in a member State of the European Union ^{F21}...; and
- (c) generated by a generating installation which—
 - (i) had a capacity equal to or less than the specified maximum capacity; and
 - (ii) became operational on or after 1st April 2010;]

[^{F22}“relevant amount of electricity” in relation to A means—

- (a) for all FIT years up to and including FIT year 6, 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;
- (b) for FIT years 7 to 9, the amount of electricity supplied by A to customers in Great Britain, less A’s capped amount of qualifying renewable electricity for that FIT year;
- (c) subject to paragraph (d), for FIT [^{F23}years 10 to 13], the amount of electricity supplied by A to customers in Great Britain, less—
 - (i) the amount of electricity supplied by A that is EII excluded electricity for that FIT year; and
 - (ii) A’s capped amount of qualifying renewable electricity for that FIT year; ^{F24}...
- (d) for FIT [^{F25}years 10 to 13], where the calculation in paragraph (c) results in an amount that is less than zero, nil electricity; [^{F26}and]
- (e) [^{F27}for FIT year 14 and each subsequent FIT year, the amount of electricity supplied by A to customers in Great Britain, less the amount of electricity supplied by A that is EII excluded electricity for that FIT year.]]

- F3** Words in art. 27(2) substituted (15.1.2016) by [The Feed-in Tariffs \(Amendment\) \(No. 3\) Order 2015 \(S.I. 2015/2045\)](#), arts. 1, **18(2)** (with art. 24)
- F4** Art. 27(2)(b) omitted (1.7.2013) by virtue of [The Feed-in Tariffs \(Amendment\) Order 2013 \(S.I. 2013/1099\)](#), arts. 1, **6(2)**
- F5** Word in art. 27(2)(c) omitted (1.2.2019) by virtue of [The Feed-in Tariffs \(Closure, etc.\) Order 2018 \(S.I. 2018/1380\)](#), arts. 1, **13(2)(a)**
- F6** Word in art. 27(2)(d) inserted (1.2.2019) by [The Feed-in Tariffs \(Closure, etc.\) Order 2018 \(S.I. 2018/1380\)](#), arts. 1, **13(2)(b)**
- F7** Art. 27(2)(e) inserted (1.2.2019) by [The Feed-in Tariffs \(Closure, etc.\) Order 2018 \(S.I. 2018/1380\)](#), arts. 1, **13(2)(c)**
- F8** Words in art. 27(3)(a) added (1.7.2013) by [The Feed-in Tariffs \(Amendment\) Order 2013 \(S.I. 2013/1099\)](#), arts. 1, **6(3)(a)**

- F9** Words in art. 27(3)(b) added (1.7.2013) by The Feed-in Tariffs (Amendment) Order 2013 (S.I. 2013/1099), arts. 1, **6(3)(b)**
- F10** Words in art. 27(4) substituted (1.2.2019) by The Feed-in Tariffs (Closure, etc.) Order 2018 (S.I. 2018/1380), arts. 1, **13(3)**
- F11** Words in art. 27(6) inserted (15.1.2016) by The Feed-in Tariffs (Amendment) (No. 3) Order 2015 (S.I. 2015/2045), arts. 1, **18(3)(b)** (with art. 24)
- F12** Words in art. 27(6) inserted (1.2.2019) by The Feed-in Tariffs (Closure, etc.) Order 2018 (S.I. 2018/1380), arts. 1, **13(4)(a)**
- F13** Words in art. 27(6) substituted (15.1.2016) by The Feed-in Tariffs (Amendment) (No. 3) Order 2015 (S.I. 2015/2045), arts. 1, **18(3)(a)(i)** (with art. 24)
- F14** Word in art. 27(6) omitted (1.2.2019) by virtue of The Feed-in Tariffs (Closure, etc.) Order 2018 (S.I. 2018/1380), arts. 1, **13(4)(b)(i)**
- F15** Words in art. 27(6) substituted (1.2.2019) by The Feed-in Tariffs (Closure, etc.) Order 2018 (S.I. 2018/1380), arts. 1, **13(4)(b)(ii)**
- F16** Words in art. 27(6) inserted (1.2.2019) by The Feed-in Tariffs (Closure, etc.) Order 2018 (S.I. 2018/1380), arts. 1, **13(4)(b)(iii)**
- F17** Words in art. 27(6) substituted (1.2.2019) by The Feed-in Tariffs (Closure, etc.) Order 2018 (S.I. 2018/1380), arts. 1, **13(4)(c)**
- F18** Words in art. 27(6) inserted (1.2.2019) by The Feed-in Tariffs (Closure, etc.) Order 2018 (S.I. 2018/1380), arts. 1, **13(4)(d)**
- F19** Words in art. 27(6) omitted (1.7.2013) by virtue of The Feed-in Tariffs (Amendment) Order 2013 (S.I. 2013/1099), arts. 1, **6(3)(c)**
- F20** Words in art. 27(6) inserted (15.1.2016) by The Feed-in Tariffs (Amendment) (No. 3) Order 2015 (S.I. 2015/2045), arts. 1, **18(3)(c)** (with art. 24)
- F21** Words in art. 27(6) omitted (31.12.2020) by virtue of The Feed-in Tariffs and Contracts for Difference (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1092), regs. 1, 2; 2020 c. 1, Sch. 5 para. 1(1)
- F22** Words in art. 27(6) substituted (1.2.2019) by The Feed-in Tariffs (Closure, etc.) Order 2018 (S.I. 2018/1380), arts. 1, **13(4)(e)**
- F23** Words in art. 27(6) substituted (1.4.2023) by The Feed-in Tariffs (Amendment) Order 2023 (S.I. 2023/127), arts. 1, **2(2)(a)(i)**
- F24** Word in art. 27(6) omitted (1.4.2023) by virtue of The Feed-in Tariffs (Amendment) Order 2023 (S.I. 2023/127), arts. 1, **2(2)(a)(ii)**
- F25** Words in art. 27(6) substituted (1.4.2023) by The Feed-in Tariffs (Amendment) Order 2023 (S.I. 2023/127), arts. 1, **2(2)(b)(i)**
- F26** Word in art. 27(6) inserted (1.4.2023) by The Feed-in Tariffs (Amendment) Order 2023 (S.I. 2023/127), arts. 1, **2(2)(b)(ii)**
- F27** Words in art. 27(6) inserted (1.4.2023) by The Feed-in Tariffs (Amendment) Order 2023 (S.I. 2023/127), arts. 1, **2(2)(c)**

[^{F28}The capped amount of qualifying renewable electricity

27A.—(1) For the purposes of article 27(6), the capped amount of qualifying renewable electricity (“CQE”) for a licensee (A) in a FIT year is—

- (a) except where sub-paragraph (b) applies, the amount of qualifying renewable electricity supplied by A to [^{F29}customers in] Great Britain in that FIT year; or
- (b) where this sub-paragraph applies, the amount given by—

$$CQE = \frac{LQE}{TOE} \times cap$$

where—

- (i) “cap” is defined in paragraph (3);

- (ii) “LQE” is the licensee’s total amount of qualifying renewable electricity supplied to [^{F29}customers in] Great Britain in that FIT year;
- (iii) “TQE” is the total amount of qualifying renewable electricity supplied to [^{F29}customers in] Great Britain in that FIT year.

(2) Paragraph (1)(b) applies where the Authority determines that the TQE exceeds the amount of the cap for the FIT year in which that electricity was supplied.

(3) For the purposes of this article, the cap which applies in respect of qualifying renewable electricity supplied during a FIT year is—

- (a) for FIT year 7: 8,117,254 megawatt hours;
- (b) for subsequent FIT years, the cap which applied in the previous FIT year multiplied by 1.1.]

F28 Art. 27A inserted (15.1.2016) by [The Feed-in Tariffs \(Amendment\) \(No. 3\) Order 2015 \(S.I. 2015/2045\)](#), arts. 1, **19** (with art. 24)

F29 Words in art. 27A(1) substituted (1.2.2019) by [The Feed-in Tariffs \(Closure, etc.\) Order 2018 \(S.I. 2018/1380\)](#), arts. 1, **14(2)**

Periodic levelisation

28.—(1) In this Part—

- (a) a “periodic levelisation payment” is a payment—
 - (i) made to a licensee out of the levelisation fund; or
 - (ii) made by a licensee into the levelisation fund,on account of the licensee's annual levelisation payment for a FIT year.
- (b) a “periodic levelisation period” is a period determined and published by the Authority in accordance with this article.

(2) The Authority must, not later than 1st March before the beginning of each FIT year, determine and publish the periodic levelisation periods which are to apply in that FIT year.

(3) Each periodic levelisation period must be a period of three months or less falling wholly within the relevant FIT year.

(4) The Authority may vary the periodic levelisation periods that apply in a FIT year, but if it does so it must publish the variation at least one month before the variation is to take effect.

(5) In each periodic levelisation period, the Authority must calculate the periodic levelisation payment which each licensee is required to make, or is entitled to receive.

(6) A calculation under paragraph (5) must be based on the Authority's estimate of the difference between the licensee's FIT contribution and its market share FIT contribution for the FIT year in which the periodic levelisation period falls.

Notice of levelisation payments

29. After the Authority has calculated ^{F30} ... levelisation payments, it must give notice—

- (a) to each licensee which is liable to make or entitled to receive a levelisation payment, of the amount of that payment; and
- (b) to each licensee which is liable to make a levelisation payment, of the date by which the payment is to be made.

F30 Words in art. 29 deleted (1.7.2013) by [The Feed-in Tariffs \(Amendment\) Order 2013 \(S.I. 2013/1099\)](#), arts. 1, **6(4)**

Payments by the Authority

30.—(1) Where a licensee is given notice that it is entitled to receive a levelisation payment, subject to paragraphs (2) and (3) the Authority must make that payment as soon as possible after the notice is given.

(2) If a licensee fails to make a levelisation payment to the Authority by the date on which it is due (a “late payment”), the Authority may suspend in whole or in part any levelisation payment due to that licensee until the late payment has been made.

[^{F31}(2A) Where the late payment is in respect of a periodic levelisation payment and article 30A does not apply, if the payment is received by the Authority—

- (a) before the Authority makes an annual levelisation calculation for that FIT year under article 26, the payment shall be included in the Authority’s calculations under that article; or
- (b) after the Authority makes an annual levelisation calculation for that FIT year under article 26, the payment shall be distributed in accordance with article 30D(2).]

(3) If the Authority believes that the amount in the levelisation fund will not be sufficient to enable it to make a levelisation payment out of the fund, the Authority may defer all or part of that payment until there is a sufficient amount in the levelisation fund.

F31 Art. 30(2A) inserted (1.7.2013) by [The Feed-in Tariffs \(Amendment\) Order 2013 \(S.I. 2013/1099\)](#), arts. 1, **6(5)**

[^{F32}Mutualisation

30A.—(1) This article applies—

- (a) if one or more licensees fail to make the whole or part of a periodic levelisation payment to the Authority within 5 working days of the date on which it is due (“the due date”); and
- (b) after 5 working days following the due date, the total of unpaid amounts (“the total”) is equal to or greater than the lower limit of the mutualisation trigger range.

(2) In paragraph (3), “the amount to be mutualised” means the lesser of—

- (a) the total referred to in paragraph (1)(b); or
- (b) the upper limit of the mutualisation trigger range.

(3) The Authority must—

- (a) apportion the amount to be mutualised between all licensees other than the defaulting licensee, in proportion to each licensee’s market share at the due date;
- (b) give notice to each of those licensees (a “mutualisation notice”)—
 - (i) that it is liable to make a payment of the amount apportioned to it (a “mutualisation payment”);
 - (ii) of the date by which the mutualisation payment is due; and
- (c) where paragraph (4) applies, make a distribution of the total amounts received by the Authority (a “mutualisation distribution”) to any licensee which—
 - (i) is not a defaulting licensee; and

- (ii) to whom, because of the unpaid amounts, payment of all or part of a periodic levelisation payment to which it is entitled to under article 28 has been deferred.
- (4) Paragraph (3)(c) applies if—
- (a) the date by which the mutualisation payment is due has passed; and
 - (b) the Authority has received mutualisation payments.
- (5) If after giving a mutualisation notice to a licensee, the Authority identifies that any mutualisation payment specified in that notice is incorrect, the Authority must—
- (a) cancel that mutualisation notice; and
 - (b) issue a further mutualisation notice under paragraph (3).
- (6) Where a mutualisation notice is issued to a licensee in accordance with paragraph (5)(b) (“the new notice”), the Authority may treat any mutualisation payment made by that licensee in respect of the cancelled notice as a mutualisation payment made in respect of the new notice.
- (7) Where, after receiving mutualisation payments from licensees, the Authority receives an unpaid amount from a defaulting licensee, the Authority must within 20 working days distribute that amount among qualifying licensees in proportion to their market shares at the unpaid amount’s due date.
- (8) Where the Authority receives a mutualisation payment after the date on which it is due—
- (a) if the Authority has not yet made a mutualisation distribution, then this amount shall be included in the distribution; or
 - (b) if the Authority has made a mutualisation distribution, then this amount shall be distributed in accordance with article 30D(2).
- (9) In this article—
- “defaulting licensee” means a licensee which has failed to make the whole or part of a periodic levelisation payment to the Authority by the date on which it is due;
 - “market share” is to be determined in accordance with article 27;
 - “mutualisation trigger range” has the meaning set out in article 38;
 - “qualifying licensee” is a licensee who has made a mutualisation payment under paragraph (3) in respect of the unpaid amount mentioned in paragraph (7); and
 - “unpaid amount” means an amount of a periodic levelisation payment which a defaulting licensee has failed to pay by the date on which it is due.

F32 Arts. 30A-30D inserted (1.7.2013) by [The Feed-in Tariffs \(Amendment\) Order 2013 \(S.I. 2013/1099\)](#), arts. 1, **6(6)**

Termination of supply licence

- 30B.**—(1) This article applies if the electricity supply licence of a licensee (E) is terminated.
- (2) E is not to be treated as a licensee for the purposes of any periodic levelisation, annual levelisation or mutualisation which takes place after the termination of its licence.
- (3) If, before the termination of E’s licence, it has been determined upon a periodic or annual levelisation under this Part that E is liable to pay or entitled to receive an amount, to the extent that the amount is unpaid, E remains subject—
- (a) to that liability, or
 - (b) to such part of the entitlement that the Authority shall determine.
- (4) If—

- (a) an annual levelisation takes place after the termination of E's licence; and
- (b) E had received or paid periodic levelisation payments for the FIT Year to which the annual levelisation relates,

the Authority may adjust the annual levelisation payment of each remaining licensee to ensure that the total amount of levelisation payments made or due to be made by licensees for the FIT Year is equal to the total amount of levelisation payments received or due to be received by licensees for the FIT Year.

- (5) For the purposes of this article an electricity supply licence is terminated if—
 - (a) it is revoked by the Authority in accordance with the terms of the licence;
 - (b) it is surrendered by the licensee; or
 - (c) it expires by effluxion of time.

F32 Arts. 30A-30D inserted (1.7.2013) by [The Feed-in Tariffs \(Amendment\) Order 2013 \(S.I. 2013/1099\)](#), arts. 1, **6(6)**

Levelisation correction

30C.—(1) Paragraph (2) applies where the Authority identifies that any determination or calculation under article 26(1) or article 27, made before or after the coming into force of this article, is incorrect.

(2) The Authority may, having regard to any payment made or received under the articles listed in paragraph (1), calculate any levelisation payment that each licensee is entitled to receive from, or is required to pay into, the levelisation fund in order to correct the error identified under paragraph (1).

(3) After making a calculation under paragraph (2), the Authority must give notice to licensees in accordance with article 29.

(4) Payments received from licensees in respect of a FIT year as a result of paragraph (2) shall be distributed in accordance with article 30D(2).

F32 Arts. 30A-30D inserted (1.7.2013) by [The Feed-in Tariffs \(Amendment\) Order 2013 \(S.I. 2013/1099\)](#), arts. 1, **6(6)**

Late payments

30D.—(1) This article applies when the Authority receives a payment as a consequence of the application of—

- (a) article 30(2A)(b);
- (b) article 30A(8); or
- (c) article 30C(3).

(2) The Authority must distribute the payment to licensees in proportion to each licensee's market share.

(3) For the purposes of paragraph (2), a licensee's market share is to be calculated in accordance with article 27(4) in respect of the FIT year in which the payment was received by the Authority.

(4) The distribution under paragraph (2) must be made on or before 1st October following the end of the FIT year in which the payment was received.

(5) Before making a distribution under paragraph (2), the Authority must give notice to each licensee entitled to receive part of the distribution setting out—

- (a) what the distribution relates to; and
- (b) the amount the licensee is to receive.]

F32 Arts. 30A-30D inserted (1.7.2013) by [The Feed-in Tariffs \(Amendment\) Order 2013 \(S.I. 2013/1099\)](#), arts. 1, **6(6)**

Changes to legislation:

There are currently no known outstanding effects for the The Feed-in Tariffs Order 2012, PART 6.