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STATUTORY INSTRUMENTS

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**2012 No. 2782**

**The Feed-in Tariffs Order 2012**

**PART 6**

**Levelisation**

**Levelisation fund**

**25.** 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.

**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 payments made and costs incurred by A during that FIT year—

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

(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 made by A in respect of that FIT year; and
  - (b) subtracting the amounts of any periodic levelisation payments received by A in respect of that FIT year.
- (4) The market share of A in a FIT year means the relevant amount of electricity supplied by A 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—
- “customer” has the same meaning as in the standard conditions of electricity supply licences;
  - “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;
  - “net deemed export payments” means deemed export payments made by a FIT licensee, less the value of deemed exports to that licensee as calculated at the rate determined by the Secretary of State under article 38(1)(a);
  - “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 to that licensee as calculated at the rate determined by the Secretary of State under article 38(1)(b);
  - “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
  - “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.

### **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 periodic levelisation payments or annual 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.

#### **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.

(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.