



## INFORMATION SHEET FEED-IN TARIFFS

### Making Money with Solar Photovoltaic (PV)

#### Overview

Installing a solar PV system offers you a fantastic investment opportunity, as well as enabling you to future-proof your electricity costs, whilst also making your contribution to reduce the nation's carbon emissions.

#### The Opportunity

By installing a solar PV system on your home you will get:

- A government-backed, tax-free income stream for 25 years (the 'Feed In Tariff')
- Additional income from electricity fed back to the National Grid (the 'Export Tariff')
- Savings in electricity payments from the clean, renewable electricity generated - i.e. you buy less electricity from your supplier ('Avoided Costs')
- Security against rising electricity prices
- A significant reduction in the amount of carbon your household produces
- A manufacturer's warranty on the power output of PV modules for 25 years (subject to terms).

The government has announced that the Feed In Tariff scheme will run for 25 years with guaranteed income levels over this period which will also rise with inflation. The life span of the PV system is however considerably longer than this – up to 40 years according to some manufacturers – so even when the tariff scheme ends you will carry on benefitting from free electricity for years to come.

#### The Tariffs

The tariff levels confirmed by the Department of Energy & Climate Change for each kilowatt hour (kWh) generated by solar PV systems vary according to the kilowatt peak (kWp) size of the system.

Generating tariffs for solar PV are as follows:

System Size	Year 1 (COMPLETED)	Year 2 (To 31 <sup>st</sup> Mar 12)	Year 3 (To 31 <sup>st</sup> Mar 13)
4kWp or less (retrofit)	41.3p	43.3p	37.8p
4kWp or less (new build)	36.1p	37.8p	33.0p
4kWp to 10kWp	36.1p	37.8p	33.0p
10kWp to 50kWp	31.4p	32.9p	28.7p

**The current Feed In Tariff rates will be significantly reduced after 31<sup>st</sup> March 2012, so now really is a great time to invest in solar PV!!!!**

## Making Money with Solar PV (continued)

### Estimated Income and Energy Savings from typical PV Systems

The table below provides an illustration of the estimated combined income and savings that you could expect to benefit from, based on the retrofit installation of three standard example size systems: 1.44kWp (6 x 240Wp panels), 2.4kWp (10 x 240Wp panels) and 3.84kWp (16 x 240Wp panels). Please note other system sizes are available based on the specific requirements of the property.

	<b>1.44kWp System</b> (estimated annual output of 1,236.1kWh)* <sup>1</sup>	<b>2.4kWp System</b> (estimated annual output of 2,060.2kWh)* <sup>1</sup>	<b>3.84kWp System</b> (estimated annual output of 3,296.3kWh)* <sup>1</sup>
<b>Average Generation Tariff payment *2</b> (at 43.3p/kWh)	£535.23 (1,236.1 x 43.3p)	£892.05 (2,060.2 x 43.3p)	£1,427.28 (3,296.3 x 43.3p)
<b>Average Export Tariff payment *3</b> (at 3p/kWh)	£18.54 (618.1 x 3p)	£30.90 (1,030.1 x 3p)	£49.44 (1,648.2 x 3p)
<b>Average Avoided Costs *4</b> (based on standard electricity tariff of 13p/kWh)	£80.35 (618.1 x 13p)	£133.91 (1,030.1 x 13p)	£214.26 (1,648.2 x 13p)
<b>Total annual income and savings</b>	<b><u>£634.12</u></b>	<b><u>£1,056.86</u></b>	<b><u>£1,690.98</u></b>
<b>Estimated total combined income and savings after 25 years. (i.e. combined income and savings from electricity generated)</b>	<b><u>£24,598.24</u></b>	<b><u>£40,997.03</u></b>	<b><u>£65,595.26</u></b>
<b>This will provide the system owner with a typical return on investment by year 7 – 10.</b>			

### The Small Print

The information provided in the table above is indicative only and is subject to change depending on fluctuations in electricity prices, system design and property suitability. Filsol is not a financial services company and we would recommend that if you wish to compare solar PV as an investment or security you should consult an IFA or other relevant professional.

#### Notes:

[1] In this example, we have assumed that for every kWp installed you will generate 850kWh per annum. This assumes a south facing pitch of 30-40 degrees with no shading.

[2] The Feed In Tariff has been set at 43.3p/kWh for systems installed after 1<sup>st</sup> April 2011 up to 4kWp capacity. An additional payment of 3p/kWh will also be made for electricity which is fed into the national grid.

[3] Export Tariff and Avoided Cost calculations are calculated on 50% of the PV-generated electricity being consumed within the house and the other 50% being fed back into the national grid.

[4] Savings resulting from Avoided Costs are calculated using a standard electricity tariff of 13p/kWh. Electricity prices vary and you should factor in your current energy tariff in order to get a more accurate picture of the savings you can expect to make. Note that the calculations here allow for an electricity price rise of 6% per annum over the next 25 years.

[5] Total combined income and savings is based on the three detailed contributing factors and has no bearing on capital investment for each system. This will be subject to a site survey and specific quotation design.