

Orsted

Compensation from RO, FIT and CFD

Energy Intensive Industry scheme
for compensation from Renewable
Obligation (RO), Feed-in Tariff (FiT)
and Contracts for Difference (CFD).

What is the scheme?

This is a government compensation scheme, introduced to reduce the financial and competitive impact of renewables policies on electricity intensive industries. The consultation process began in 2014 and the scheme has now received full approval from the European Commission. On 26 January 2016, information for potential claimants was published by the Department for Business, Innovation and Skills (BIS).

What changes will be introduced?

Full details of the scheme and eligibility are set out in the BIS Guidance For Applicants, available [here](#).

In summary, there are two elements to the new scheme. Industries which qualify as energy intensive, according to the BIS guidelines, will be entitled to:

- 1) Compensation of up to 85% on RO and FiT charges.
- 2) Exclusion from the CFD scheme.

1) RO/FiT compensation – how do I qualify?

There are two criteria for claiming this compensation:

- Manufacture of a product in the UK, within a sector defined by qualifying NACE Code. This coding is the European classification for different sectors and industries, and each UK business has been assigned a code. Qualifying NACE codes are available in BIS Guidance For Applicants.
- Passing the 20% electricity intensity test. Businesses need to demonstrate that their average electricity costs amount to 20% of their mean GVA (Gross Value Added). The BIS Guidance For Applicants gives instructions on how to complete this test.

How do I claim compensation?

Please follow the steps outlined below:

- To find out if you are eligible for the scheme, please read the full BIS Guidance For Applicants [here](#). Application forms are available [here](#).
- If you believe that you qualify, please send your claim directly to BIS. If you submit your claim by 31 March 2016, it will be backdated to 14 December 2015, as set out on page 14 of the Guidance For Applicants manual. Please note that any claims submitted after 31 March 2016 will only be back dated to the start of the month that claim is made in.

BIS will then confirm with you directly whether or not you have been accepted to the scheme.

How will compensation be paid?

If your application is approved, payments will be made directly by BIS, on a quarterly basis. To facilitate payments, BIS will request that you submit a quarterly declaration of electricity consumption levels. As part of the scheme, you will also need to submit an end of year report confirming precise final electricity consumption.

Will my invoices be different?

No, we will continue to invoice/reconcile your charges as usual. BIS will pay any refunded amounts directly to you.

2) Exclusion from the CFD scheme – how do I qualify?

If BIS confirms that you are eligible for the RO/ FiT compensation scheme, please let your Account Manager know. This will enable us to exempt you in turn from CFD charges, by removing the CFD element from your invoices.

If you have any questions regarding the Energy Intensive Industry Compensation, please get in touch with your Account Manager.