

## Knowing your options and reaping the benefits

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Read on if you are a Feed-In Tariff generator and you can answer “yes” to the following:-

- Are you mainly exporting as opposed to consuming your generation on site?
- Would you like to earn between 60 - 90% extra for your exported power?
- Would you find the prospect of negotiating with up to 19 different suppliers daunting?
- Would you like a standard PPA that’s been endorsed by a host of other FIT generators?

This is exactly what you will get if you opt to sell your export through the e-POWER auction.

“There must be a catch,” I hear you say; “Surely no decision can be this easy?” It can. The reason why this appears too good to be true is that the e-POWER suits both generators and suppliers, and it’s a model which makes being small a help rather than a hindrance.

Generators like it for obvious reasons. The first generators to use the auction voted with their feet as described in the box.

On the other side of the equation, electricity suppliers clearly like to buy power from renewables generators via the auction, rather than by dealing with them directly. They have had this option for the last twelve years (from when the first NFFO contract was auctioned) and 19 suppliers now take part. They have all the information they need, and they’re familiar with the process and the standard PPA. Plus – and this is the real win-win factor – strategically many of the suppliers prefer to have a larger portfolio of smaller generators than a smaller number of larger ones, as this minimises imbalance risk.

### Who runs the e-POWER auction?

The Non Fossil Purchasing Agency – (NFPA) has been developing its auction expertise since 2000. It had its origins in a statutory role administering contracts awarded under the first major government policy to stimulate renewables deployment. This was called the Non Fossil Fuel Obligation and it kick-started the renewables industry back in 1990. Those NFFO contracts are now coming to their end, and by 2018 the last one will have run its term.

That does not mean that once their contracts finish, these ex-NFFO generators move away from NFPA. Far from it. Once their NFFO contract ends and they are free to sell their power any way they want, most of them elect to do it via e-POWER. One thing they like is that with the auction they get paid two months before Ofgem has even issued the ROCs! 85% of the independent generators who had a NFFO stayed with e-POWER once their statutory contract finished and, and of the 15% that tried other methods, 90% of these then went back to the auction. This is a terrific endorsement.

### The cost of participating in the auction

If your FIT installation is over 30kW, you must have half-hourly metering in order to receive FIT export payments. If your installation is smaller you have a choice. You will need to explore whether the costs of half-hourly metering make it worthwhile.

If you take no action, your export will be deemed, in which case it is assumed that you export half your generation<sup>1</sup> and will receive the administered price for it. Clearly the more power that is consumed on site, the less important your export earnings will be and the more you stand to benefit from the deeming.

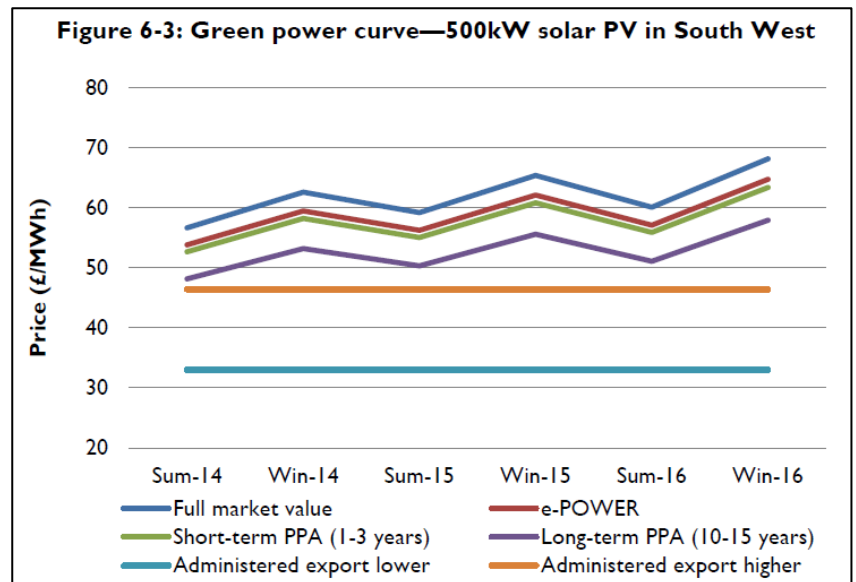
The charge for participating in the auction is £1/MWh, subject to a minimum fee of £50 per month. The charge covers auction, billing and settlement services. You can determine the likely additional revenue from moving from your current arrangements to e-POWER by using a revenue calculator tool available from NFPA.

[Cornwall Energy research](#) shows generators selling their output via the auction achieve 95 to 98% of full market value, compared to 90 to 96% for short term PPAs and 80 to 90% for long term PPAs<sup>2</sup>.

From the feed in tariff generator's perspective achieving near market price is a vast improvement on the administered export price of 3.39p/kWh or 4.77p/kWh. (The price depends on the when the plant was commissioned. PV installed before 1 August 2012 gets 3.39p/kWh and if installed later earns 4.77p/kWh. For other generators the relevant date is 30 November 2012.)

The image shows a forecast of the potential routes to market for a 500kW PV plant, in this case exporting all its power.

Cornwall Energy forecasts that FiT projects opting out of the administered export price in favour of selling output in auctions or offtakes could earn substantially more. E.g. from of £33/MWh up to around £54/MWh for production in summer 2014 or almost doubling - from £33/MWh to £65/MWh for winter 2016 generation.



Another benefit of the auction is the flexibility. You can choose between six or twelve months' worth of generation at a time. The six month sales auctions are held twice a year, in January for the export over April to September, and in July for the October to March winter months. For 12 months' worth of output, auctions are held on a monthly basis. You can set a reserve price and if this is not met, still have time to find an offtaker.

To find out more and to review the standard PPA, visit the NFPA e-POWER auction website on <http://www.nfpas-auctions.co.uk/whatispower.html> You can also follow e-POWER on twitter [@ePOWERrenewable](https://twitter.com/ePOWERrenewable)

<sup>1</sup> or 75% for micro hydro.

<sup>2</sup> NFPA e-POWER Auction Analysis, Cornwall Energy, February 2014. <http://www.nfpas-auctions.co.uk/press/e-POWERAuctionSummer14.pdf>