



Kentucky Sustainable Energy Alliance



Feed In Tariffs

A Policy for Rapidly Expanding
Renewable Energy Deployment

What is a Feed In Tariff?



- **Feed In** = “feeding electricity into the grid”
- **Tariff** = “the price paid for electricity”
- Establishes **fixed premium prices for sale of renewable electricity** generation, using standard **long-term** contracts
- **Available to anyone** who connects an eligible power generator to the electricity grid

Feed In Tariffs or FITs



- FITs - The most widely used renewable energy policy in the world
- As of September 2009, **48 nations** had FIT policies
- As of 2008, **45 %** of all global wind development and **75%** of all world solar PV capacity developed under FIT policies

Where have FITs been used successfully?



Germany

- Between 2000 – 2009 Germany added 20,000 MW of Wind Power and 8,700 MW of Solar PV, creating 300,000 new jobs



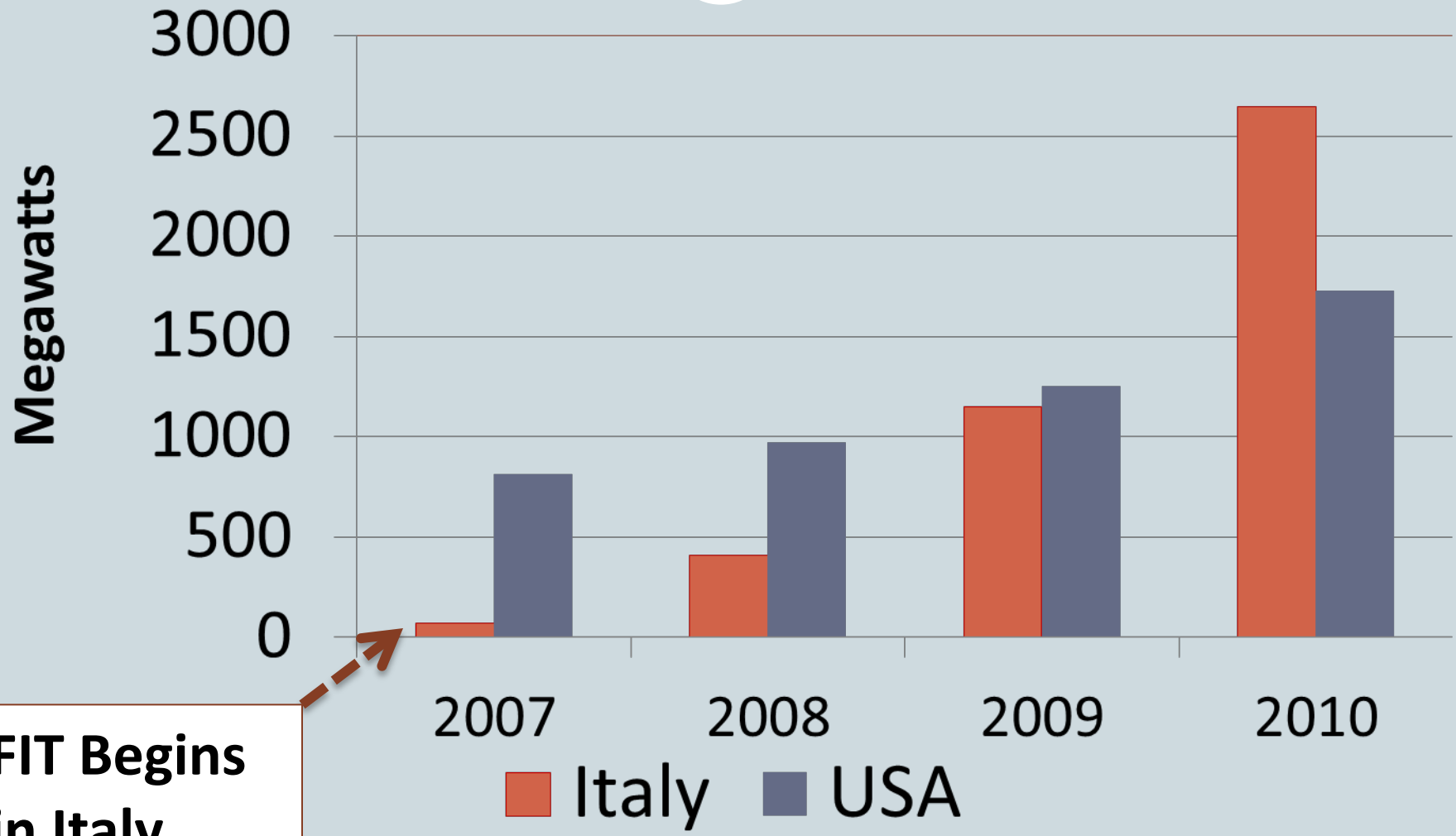
Where have FITs been used successfully?



Italy

- Italy's FIT began in 2007
- With 1/5 the US population, Italy has installed **2.4 times MORE solar PV** than the USA since 2008.
- **Italy's solar PV capacity now exceeds the USA by 1.5 times.**

Total Solar PV Installed Capacity Italy & USA (Megawatts)



**FIT Begins
in Italy**

Where have FITs been used successfully?



Ontario

- Fit program began in 2009
- Ontario's installed PV capacity increased from **2 MW to 48 MW in one year.**
- Over 2600 MW of renewables** under contract as of Nov. 2010
- Expected to have largest solar PV market in North America by 2012



How Successful FITs Work



T.L.C.

Transparency – purchase agreements using standard offer contracts with established fixed rates

Longevity – long-term power purchase contracts (10 – 40 years)

Certainty – Fixed prices, long-term contracts, guaranteed access to the grid

Plus ***Rates based on costs*** of generating power plus a reasonable return on investment

Who is Eligible to Sell Power?



Anyone with an eligible renewable energy facility:

- Farmers
- Homeowners
- Small Businesses
- Large Businesses
- Non-profits
- Industry
- Public Agencies
- Electric Utilities
- Etcetera

Setting FIT Prices



- FIT payment level based on technology
- FIT prices adjust over time
- Costs of FIT payments passed onto ratepayers through each utility's general rates

Advantages of FIT Policies



- Accelerates development of Renewable Energy & lowers costs and risks for investors through T.L.C.
- Creates in-state distributed generation
- Creates local economic development in all regions of state
- Ensures renewable energy will be developed in-state
- Can support in-state manufacturing of RE equipment and use of in-state labor

FITs and RPS – Complementary Policies



- **RPS** sets the **goal**
- **FIT** provides a **powerful mechanism** to achieve the goal
- FIT ensures **local economic development** and **distributed generation**
- RPS ensures utilities are proactive investing in renewables
- Economic benefits distributed across all regions of Kentucky

FITs lead us toward our ultimate goals...



...by greatly accelerating renewable energy development

...and establishing a long-term commitment to a renewable energy economy.