

Response ID ANON-6UWA-D2WP-Z

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Introduction

1 What is your name?

Name:

Charles Mossman

2 What is your email address?

Email:

c.mossman@tiscali.co.uk

3 What is your organisation?

Organisation:

Sustainable Crediton

General information

Executive Summary

Background

Securing value for money

4 Do you agree or disagree with the proposed generation tariff rates set out above? Please provide reasons to support your answer.

Disagree

Please add your comments here:

The Secretary of State will no doubt already be aware that the announcement about these proposed changes has sent shock waves through the renewable energy industry and particularly the solar industry.

The Feed in Tariff (FIT) has been a great success. It has enabled hundreds of thousands of homes, communities and businesses to generate their own energy and led to the price of solar power reducing to a point where it is possible to imagine it competing without subsidy in the near future. But the government proposals for dramatic cuts in the FIT risks bringing this success story to a sudden halt. Rather than celebrating over-performance and the contribution this will make to combating climate change, the Government seems intent on destroying an industry which has so much to offer the UK in terms of job creation, security of energy supply, and low-carbon generation.

The proposed cuts to solar PV tariffs are far steeper than might have been expected and will do untold damage to this sector of the industry. Under the proposals, the smallest solar arrays with less than 4kW of capacity would see generation tariffs on offer cut by 87 per cent from next January. Across the board, new bandings are being proposed for different arrays along with cuts of around 80 per cent.

Cuts of around a third to a half are also proposed for small-scale wind and hydro power projects. For example, a 100-500kW turbine would from January have to apply for a new 50-1,500kW band and would see its available tariff rate cut from 10.85p/kWh to 4.52p/kWh. Meanwhile, larger turbines with 1,500kW-plus capacity would be excluded from generation tariffs altogether. Similarly, most hydro projects could expect to face cuts of around a third, with the exception of 2,000kW-plus projects that are likely to face more modest cuts.

It is critical to remember that, unlike large-scale renewables, FIT-scale projects are deployed directly by homeowners, small businesses and communities, bringing huge benefits both in offsetting energy bills and creating new revenue streams for those who choose to export the power they generate. Under the new proposed Feed-in Tariff rates a standard solar PV installation is no longer cost effective for householders. Based on the new rate, the price of a typical solar panel installation would need to fall by over £800 for an investment in this technology to be cost-neutral for a typical home. Put simply, installing solar panels at home will no longer be attractive to householders.

On the whole these cuts in tariffs are too steep, and will be implemented too quickly, creating considerable uncertainty in this still fledgling market. This is already leading to the loss of investment and jobs as businesses lay off staff or become unviable and go into bankruptcy. The government's own Impact Assessment notes jobs will be lost as a direct result of these proposals.

In the South West of England, over £13 billion has been invested in the renewable energy sector, creating nearly 13,000 jobs and generating 14 per cent of the region's electricity. The impact of these proposed changes in this otherwise rural economy, where jobs are primarily associated with tourism and farming, will undoubtedly include job losses within already struggling communities. And the impact will not be exclusive to the South West, with job losses likely to occur across the country. The renewable energy industry now employs an estimated 112,000 people in the UK and we have around 3,000 accredited businesses installing Solar PV alone - all will now be unsure of their future. Reducing the FIT rate so drastically leaves installers little time to diversify to stay afloat during this period of uncertainty.

Further evidence can be found in the recent report from Community Energy England entitled Community Energy :Generating More than Renewable Energy dated October 2015 Community <http://communityenergyengland.org/wp-content/uploads/2015/10/CEE-Survey-2015.pdf>

I would urge the Government to ensure changes are introduced so that the industry has sufficient time to adjust, providing stability and maintaining investor confidence.

Above all these proposals casts further doubt over the Government's commitment to tackling climate change and undermines David Cameron's credibility further on the run up to COP 21 in November.

Please upload any further supporting evidence :

No file was uploaded

5 Do you agree or disagree that the updated assumptions produced by Parsons Brinckerhoff are reflective of the current costs of deployment for UK projects in your sector? If you disagree, please set out how they differ and provide documented evidence, such as invoices and/or contractual agreements to support this evidence. Please also mark this evidence as commercially sensitive where appropriate.

Neither agree nor disagree

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

6 Do you consider the proposed default degression pathways fairly reflect future cost and bill savings assumptions in your sector? Please provide your reasoning, supported by appropriate evidence where possible.

No

Please provide your comments:

A new degression pathway for cutting tariffs each quarter is proposed that would see FiT incentives end for new sub-10kW and 10,000kW-plus solar PV installations by January 2019. It is important that the government balances the size of subsidy against the strength of the market but the Green position is that sufficient support should be provided for as long as it takes to ensure that we achieved our target of 100% renewables by 2050. These subsidies need to be matched by reductions in subsidies to fossil and nuclear industries so that we can meet this target for a clean energy supply. This can only be assumed to be politically motivated, and will take away power from small-scale generators and hand it back to the big energy firms. The proposed 87 per cent cut in support for small-scale renewable energy, combined with tough caps on the total number of projects, will be devastating to the industry and will threaten energy security as well as undermining our ability to meet our agreed renewable targets.

I would also draw the Government's attention to the Solar Independence Plan, devised by the Solar Trade Association, which sets out a plan for the industry to become tariff free by 2020, and would urge the Government to work with industry trade associations on this matter.

<http://www.solar-trade.org.uk/wp-content/uploads/2015/06/STA-Solar-Independence-Plan-v8-EMBARGOED-0001-08062015.pdf>

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

7 Do you consider it appropriate to harmonise the triggers for contingent degression across all technologies, and do you consider the proposed triggers will ensure tariffs reflect falling deployment costs? Please provide your reasoning, supported by appropriate evidence where possible.

Not Answered

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

8 Which of the options for changing the export tariff outlined above would best incentivise renewable electricity deployment while controlling costs and enabling the development of the PPA market? How should we account for the additional and avoided costs to suppliers associated with exports in setting the export tariff? Please provide reasons to support your answer.

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

9 Do you agree or disagree with the proposed changes to the indexation link under the FITs scheme? Please provide reasons to support your answer.

Not Answered

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

10 Do you agree or disagree with the proposal not to include any additional technologies in the FITs scheme? Please provide reasons for your response.

Not Answered

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

Cost control measures

11 Do you agree or disagree with the proposal to introduce deployment caps under the FITs scheme? Please provide your reasoning.

Disagree

Please provide your comments:

Central to the proposed reforms is a cap on new FiT spending of £75m-£100m through to 2018/19, backed by proposals to implement deployment and degression band caps to meet this budget. This raises the prospect of steeper tariff cuts in the future, adding even greater uncertainty for investors. The government insists the cap is essential if the scheme is not to contribute to the anticipated £1.5bn overspend on the Treasury-imposed Levy Control Framework – which it is claimed would lead to an increase in household bills. The government's impact assessment suggests adopting its proposed FIT cuts package would reduce LCF spending by £450m in 2020/21 under its central scenario. That translates into a reduction in average household electricity bills of less than one per cent or £6 a year.

In 2014 renewable subsidies were responsible for approximately £45 of the average £1,369 in 2014 family dual fuel bill (£36 ROCs and £9 FIT). This would seem to be extremely good value considering the significant contribution that these schemes have made to cutting UK carbon emissions. While it is important to consider the costs to consumers of energy this would be more usefully addressed by challenging the energy oligopoly. The policy fails to consider potential externalities such as the future costs of failing to address climate change and makes no acknowledgement of the fact that fossil fuel subsidies currently cost every person in the UK considerably more at approximately £400 per year. The cost to the bill payer for renewable energy is also less than the £149 that will be added to the average bill from subsidies for the Hinkley Point power station as well as the annual £79 per household for dealing with the UK's nuclear waste – a cost that makes up 65% of DECC's annual budget.

The Committee on Climate Change recently concluded that “the annual energy bill increased by 75 per cent in nominal terms from £650 in 2004 to £1,140 in 2013 for the typical dual-fuel household. Of the £490 increase, around 80 per cent was associated with rising costs of wholesale energy and system costs and therefore unrelated to low carbon policy.

If Government is really concerned about value for money for bill payers, perhaps they should be looking to cap the profits made by the big six energy companies, which increased ten-fold between 2007 and 2013 according to the Competition and Markets Authority, and ensuring that the UK continues to invest in renewable energy which is not subject to price volatility in the same way that oil and gas is. Instead of attacking renewables in isolation, the funding model for the whole energy sector should be over-hauled.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

12 Do you agree or disagree with the proposed design of the system of caps (i.e. quarterly deployment caps broken down by technology and degression band)? If you disagree, are there any alternative approaches? Please provide your reasoning, making clear if your answer is different for different technologies or sectors.

Disagree

Please provide your comments:

I would urge the Government not to introduce quarterly caps on FIT expenditure which will create an unsustainable boom and bust cycle for the renewables sector.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

13 Do you agree or disagree with the proposed approach to implementing caps? If you disagree, are there any alternative approaches that you'd suggest? Please provide your reasoning, making clear if your answer is different for different technologies or sectors and provide any views on what should happen to applications for FITs for installations which miss out on a cap.

Disagree

Please provide your comments:

Current deployment is an average of 500 per cent higher than the cap the government is proposing. This would lead to a devastating loss of jobs in renewable energy.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

14 If it is not possible to sufficiently control costs of the scheme at a level that Government considers affordable and sustainable, what would be the impact of ending the provision of a generation tariff for new entrants to the scheme from January 2016 , ahead of the 2018-19 timeframe or, alternatively, further reducing the size of the scheme's remaining budget available for the cap? Please consider the immediate and broader economic impacts and provide your reasoning.

Please provide your comments:

This question rather unhelpfully assumes that we agree with the Government's judgement about what is affordably and sustainable, which of course we do not. The consultation leaves no doubt that ministers reserve the right to end the generation tariff for all new installations from January 2016, leaving only the export tariff for power fed into the grid available. This only serves to increase uncertainty for the industry and undermine investment. The assumption is that this is designed to avoid a repeat of the surge in deployment that has followed previous announcements of steep cuts to tariffs which could result in the industry reaching the proposed spending cap too quickly; although this is unlikely to be successful given that it only increases uncertainty for the industry and could actually accelerate any surge.

A more sensible way to avoid this would be to set out longer term plans for tariffs and stick to them, taking away the volatility and uncertainty that result from such frequent changes and providing some security to this fledgling industry. The Government itself has admitted that subsidies to the nuclear industry exceed those going to renewable energy, for example the annual government grant to the Nuclear Decommissioning Authority is £2.09 billion. It is unclear why the renewable industry is singled out for significant cuts whilst the fossil fuels and nuclear sectors continue to be subsidised at considerably high levels from the public purse.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

15 What would be the impact of pausing applications to FITs for new generators for a short specified period to allow the full implementation of the cost control mechanisms? Please consider the immediate and broader economic impacts and provide your reasoning.

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

16 What would be the impact if FITs continued as an export-only tariff for new generators on reaching the cap of £75-100m additional expenditure? Please provide your reasoning.

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

17 Do you have any views on the use of competition to prioritise applications within a system of caps? What do you think are the advantages and disadvantages of this approach? What forms of competition may be appropriate and is this different for different sorts of installations? Please provide your reasoning.

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

18 Should FITs be focussed on either particular technologies or particular groups (e.g. householders)? Please provide your reasoning.

Yes

Please provide your comments:

There is a valid concern that some large companies and organisations have benefitted from the FIT scheme and we would propose that it is focused on renewable generation owned by householders, community groups, educational institutions (nurseries, schools, colleges and universities), charities, and small businesses. This could easily be achieved by introducing a maximum threshold.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

19 Do you agree or disagree with the proposal to remove the ability of installations to extend their capacity under the FITs scheme? Please provide your reasoning

Not Answered

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

Metering export and generation – smart meters and other options

20 Given our intention to move to fully metered exports for all generators, do you agree with the proposal that new and existing generators should be obliged to accept the offer of a smart meter (or advanced meter) when it is made by their supplier? Please provide reasoning for your response.

Not Answered

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

21 Do you agree or disagree with the alternative proposal that new applicants must have a smart meter (or advanced meter) installed before applying to the FITs scheme, with existing generators being obliged to accept the offer of a smart meter (or advanced meter) when it is made by their supplier? Please provide reasoning for your response.

Not Answered

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

22 Do you have any views on possible approaches to introducing remote reading for generation meters? Please provide reasoning for your response.

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

Effects of the Feed-in Tariffs scheme on grid management and costs

23 Do you agree or disagree that recipients of FITs should be required to notify the relevant DNO of new installations as a condition of the scheme?

Agree

Please provide your comments:

As the consultation document itself notes, installers are already required to notify the DNO when a new installation has been installed.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

24 Do you agree or disagree the FITs scheme should be amended to include requirements that help mitigate and limit the impact on grids such as requiring generation to be co-located with demand or storage?

Not Answered

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

25 Do you agree or disagree the FITs scheme or wider networks regime should be amended to ensure generators pick-up the costs they impose on the network?

Disagree

Please provide your comments:

Impact on grids is an important issue. The UK grid is being upgraded to enable Hinkley Point C nuclear power plant to connect directly into the transmission network, with no upfront cost to the project owners. However, renewable energy projects in the South West are already required to pay upfront for their connection to the distribution network if a grid upgrade is required. It would appear to be particularly unfair that large generators have upgrade work provided with no upfront fees, while small generators have to pay upfront towards upgrade works. In the South West, Western Power Distribution's (WPD) F route is at

capacity. If Hinkley Point C goes ahead, the route will be replaced by a new transmission network. In the meantime, WPD has announced a 3-6 year delay in connecting new capacity to the south and west of this F route. Instead, alternative changes could be made to enable smaller energy generators to connect to the grid on a shorter timeframe.

Renewables offer opportunities for ushering in a Smart Grid Energy Storage system that would balance the intermittency of some renewable technologies. Local Smart Grids developed in conjunction with renewable energy resources would also reduce the need for large scale pylons and transmission systems.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

Ensuring sustainability for anaerobic digestion

26 Do you agree or disagree that payments to newly accredited AD installations, at all scales, are conditional on meeting the proposed sustainability criteria? Please provide your reasoning.

Agree

Please provide your comments:

It is right that Government should introduce sustainability criteria to ensure that unchecked use of crops for AD generation is not undermining the Government's own aims for AD, i.e. to deliver the multiple objectives of waste management and low carbon energy. The criteria should seek to reduce the risks of generating energy from material which does not achieve a substantial greenhouse gas saving, or has a detrimental impact on land with a high ecological value. It should also be noted that within the South West, anecdotal evidence suggests the use of maize crop in AD is pushing up the price of this important source of livestock feed as well as the rental price of land that it is grown on.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

27 Do you agree or disagree that the proposed criteria and GHG trajectories set out above would set the necessary bar to meet our objective to incentivise the multiple benefits from waste-fed AD? Can you suggest alternative criteria which would help to achieve this goal? Please provide reasoning and evidence for your answer.

Disagree

Please provide your comments:

As the consultation document itself notes, there is a risk that the criteria suggested will not present a sufficient sustainability bar for other feedstocks and might lead to an unsustainable growth in crop-fed systems with consequent biodiversity and land use impacts where this is not suitably managed. But others may be better placed to suggest alternative or additional criteria that will ensure AD plant is primarily fed with waste materials such as food waste or manure.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

28 Do you agree or disagree with the proposed reporting system to underpin sustainability criteria? Please provide your reasoning.

Agree

Please provide your comments:

The reporting system would seem to be proportionate.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

Administrative changes to the Feed-in Tariff scheme

29 Do you agree or disagree that only imported renewable electricity produced by generators in other EU Member States that are under 5MW and commission on or after 1 April 2010 should be used to offset levelisation costs? Please provide your reasoning.

Not Answered

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

30 Do you agree or disagree that we should introduce a cap on the amount of overseas generated renewable electricity that can be exempt from the costs of the scheme? Do you agree that the cap for 2016/17 should be calculated based on the number of GoOs recognised in 2013/14, increased by 10% twice to match the cap under the CFD Supplier Obligation?

Not Answered

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

31 Do you agree or disagree with the proposed change to the FITs legislation to refer to specific versions of relevant MCS standards? Please provide your reasoning.

Not Answered

Please provide your comments:

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

32 Do you agree or disagree with the Government's proposal to use interest accrued on the FITs Levelisation Fund to part-fund administrative changes to the scheme which would otherwise be borne through public funding? Please provide your reasoning.

Not Answered

Please provide your comments::

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

Energy efficiency criteria

33 Do you agree or disagree with the revision being considered to increase the energy efficiency threshold to EPC band C for anyone with an installation to which the criteria apply? Please provide your reasoning.

Agree

Please provide your comments:

Broadly agree, as this should drive higher standards of energy efficiency in buildings. It is considered good practice to improve the energy efficiency of a building before installing renewable energy (energy hierarchy). However, this should include exceptions for certain groups (see below) and the detail of this proposal should be subject to separate consultation once formal proposals have been prepared.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

34 Do you agree or disagree with the revision being considered to remove FITs eligibility from anyone with an installation to which the criteria apply who does not have at least an EPC band C? Please provide your reasoning.

Disagree

Please provide your reasoning:

Under this proposal, any property requiring an EPC that cannot achieve an EPC band C or above will no longer be eligible for the scheme, including for the lower tariff. Continuation of the current arrangements where a lower tariff is payable if the EPC threshold is not met would be more likely to result in more investment in renewables. However, such a change should be combined with a programme of free insulation for those in lower-income groups who cannot afford to make their homes energy efficient and would otherwise be unfairly excluded from access to the FIT.

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded

35 Do you agree or disagree with the exceptions for community groups, schools and fuel poor households to the revision to the energy efficiency criteria being considered? Please provide your reasoning.

Agree

Please provide your comments:

Agree in principle that there should be exceptions for these groups. But the detail of this proposal should be subject to separate consultation once formal proposals have been prepared.

Thanks to the FIT, communities up and down the country have had the opportunity to harness their own natural energy resources, helping to reduce and localise energy spend, tackle fuel poverty and generate an income to re-invest in the local area. In the South West alone there are over 250 community groups generating enough energy to power 2,300 typical homes a year. The proposals outlined in the consultation will put this at risk, and measures must be put in place to ensure community groups, schools and fuel poor households are not disadvantaged by this review.

I would urge the Government to introduce measures to ensure communities are not adversely impacted by any proposed changes to the FIT. Community energy has the potential to deliver significant new investment, new jobs and energy security to hundreds of local communities in the UK. The FIT review must include measures to ensure communities can continue to harness renewable resources for the benefit of the local area.

I would also urge the Government to review its position on pre-accreditation and specifically to allow community energy groups to retain pre-accreditation under the FIT to reflect the extra time it takes for a community organisation to raise finance for renewable projects.

Please take time to read the October 2015 report from Community Energy England which clearly sets out the negative impact the Government's proposals will have on community energy projects all over England which includes Sustainable Crediton's renewable energy project.

<http://communityenergyengland.org/wp-content/uploads/2015/10/CEE-Survey-2015.pdf>

Please upload any further supporting evidence (e.g. PDFs, Excel files):

No file was uploaded