

# Comprehensive Review Phase 1: Consultation on Feed-in Tariffs for Solar PV

Please use the table below as a template to respond to the consultation. It will help us to record and take account of your views.

Also, please provide evidence for your answers and comments where possible.

<b>PERSONAL DETAILS</b>
<p>Respondent Name: <b>Environmental Association for Universities and Colleges (EAUC)</b></p> <p>Email Address: <b>info@eauc.org.uk</b></p> <p>Contact Address:</p> <p>Contact Telephone: <b>01242 714 321</b></p> <p>Organisation Name: <b>Environmental Association for Universities and Colleges</b></p> <p>Would you like this response to remain confidential? Yes/No (Delete as appropriate) If yes, please state your reasons:</p>
<b>CHAPTER 2: PROPOSED TARIFF CHANGES FOR SOLAR PHOTOVOLTAICS</b>
<p><b>Q1: Do you agree or disagree with the proposed new tariffs for solar PV? Give reasons to support your answer.</b></p> <p>Disagree</p> <p>Comments:</p> <p><b>Further and Higher Education organisations are committed to reducing carbon, and have carbon management plans to reduce CO<sub>2</sub> emissions against published timelines. Renewable energy installations form important parts of the plans, and this proposed sudden withdrawal of Feed-in Tariff (FIT) revenue seriously undermines institutions' abilities to finance and provide ongoing support for projects.</b></p> <p><b>The principle of providing cost effective renewable energy generation is essential, for the investor/generator, the electricity market and for the suppliers of the equipment. The proposed new tariffs are not viable, their timing is wrong and consistency in policy and pricing is needed. The further and higher education sector has seen reductions in installed PV systems, but not to the levels given in the worked domestic scale example.</b></p> <p>— <b>Actual installed prices are closer to £4000/kWp at the 2.6kWp size, not £3400 given in the example.</b></p>

- The cost of PV installations for larger organisations can require associated costs to be incurred (feasibility of integrating PV into existing buildings, e.g. can the roof hold the weight of the array, is there suitable provision for the inverters to be located/wired etc...).
- The proposed new tariffs will be cut by 50%, but the consultation itself states that the costs of installing a PV scheme have reduced by only 30%.
- Future installations may result in additional costs due to the complexity of integrating project designs into historic buildings.
- The 850 kWh/kW/yr load factor will vary across the UK, so a robust assessment should be made based on measured performance.
- Manufacturers provide guarantees on PV panel performance and expected degradation over the panel lifetime. These have not been included in the cost model – especially in the very long 35 year period used. We would argue that this is too long and should be replaced with say a 25 year lifetime.
- No allowance has been made in the cost model for inverter replacement, which is likely to be required several times over the life of the installation.
- Financing costs do not appear in the worked example.
- The VAT income from the scheme is not included in the benefits to electricity consumers, so gives an artificially high price of generation. The VAT can only be obtained if renewable energy projects are supplied and this is ignored by the financial investment cap. We have seen estimates of c. £276 million to HMT in VAT and employment taxes this year – more than the FIT scheme costs – delivered by the solar industry. Take away the market and the revenues to HMT go as well. We strongly recommend Government gets HMT to review and change its policy. This major omission also has a direct effect on reducing the size of the market investment set by Government.

The proposed cuts are too far, too fast. The change must be more gradual, as originally planned. The proposed large step change is reducing confidence and is very likely to reduce employment in installation companies. Many households, institutions and businesses were in the process of ordering/arranging for new PV panels to be installed early next year. The speed of which the new tariffs have been imposed has resulted in many cancelled orders. This has also had a knock on effect for renewable energy installers who in many cases have had to lay off staff. Cutting too quickly risks killing off the industry.

It is essential that the cost model is reworked in conjunction with the renewable energy sector, so that new proposed tariffs are based on real prices and a holistic model. The assumptions used in the model must be revisited, discussed and agreed with the suppliers and trade association (e.g. REA) to ensure the outputs of the model are robust. From this the tariffs published will allow realistic investment cases to be made.

**Q2: Do you agree or disagree with the proposal of applying the new tariffs to all new solar PV installations with an eligibility date that is on or after a reference date that comes before the legal implementation of those tariffs? Give reasons to support your answer.**

Disagree

Comments:

**It is grossly unfair and unreasonable to have a proposed reference data of 12 December 2011, when the consultation is open until the 23 December 2011, and the legal implementation date of the tariffs is not until April 2012. This sends a very negative message to the PV industry and makes a mockery of the consultation. The change should be more gradual, as originally planned, and a future reference date agreed with the renewable energy sector. The large step change has reduced confidence in a new and essential industry.**

**The changing of the existing regime provides uncertainty for suppliers as well as adopters of the technology with plans in place that have been based on a previously agreed financial model that has now radically changed.**

**Organisations have had to cancel or postpone planned PV installations that would have been completed after 12 December (but before April 2012) due to the uncertainty in the tariff levels and commencement dates. The new system must allow these to be installed and restore confidence in the markets.**

**Q3: Do you agree or disagree with the proposed reference date of 12 December 2011? Give reasons to support your answer.**

Disagree

Comments:

**Our comments are the same as those given in Q2.**

**Q4: Do you agree or disagree with the proposal to introduce new multi-installation tariff rates for all new solar PV installations that meet the definition set out above and have an eligibility date of on or after 1 April 2012? Give reasons to support your answer.**

Disagree

Comments:

**We are concerned about the proposed new multi-installation tariff rates. Universities and colleges are often spread over campuses and in different towns, and it makes sense to install PV installations across sites that benefit most. As such, organisations do not benefit from economies of scale of installation, but would be penalised by the new tariff rates.**

**The cost and performance of installations depends on factors such as roof size and orientation and ease of connection. A campus with many buildings and only one MPAN,**

but with the potential for multi roof PV installations, would not obtain any economies of scale, as projects would be developed separately for buildings and in different years. Any tariff rates should recognise the size and cost of the individual projects, not an aggregated multi-installation rate.

**Q5: Do you agree or disagree with the proposed multi-installation tariff rates? Give reasons to support your answer.**

Disagree

Comments:

See Q4 for our reasons.

## **CHAPTER 2: PROPOSAL TO STRENGTHEN THE LINK BETWEEN ENERGY EFFICIENCY AND FITS**

**Q6. Do you agree or disagree with the proposal that for solar PV attached to a building, eligibility for the standard tariffs proposed in chapter 2 should be contingent on a minimum energy efficiency requirement being met? Do you have views on whether such a requirement should apply in relation to all buildings or just to dwellings or non-domestic buildings? Give reasons to support your answer.**

Disagree

Comments:

Institutions' published carbon management plans are investing £multi-million and are based on a combination of reduced demand/switch off programmes, energy saving portfolios for buildings/equipment and retro-fitting renewables. This proposal seeks to link heating efficiency with the deployment of one type of renewable energy technology which, clearly, is nonsense. This principle is not required for suppliers/generators of fossil fuel energy – focus on them first, due to their size and nature of pollution! Some buildings have practical reasons why high efficiency standards cannot be met at present but are eminently suitable for PV. What our institutions have found is that installing high profile renewables acts as a spur and reminder for staff, students and visitors to get carbon saving and climate change on their agendas, identify energy saving projects and adopt more energy saving behaviours. They do not need to be told in which order to manage their carbon reduction investments. This proposal should be scrapped.

### **Question 7**

**Do you have views on whether such a requirement (above) should apply in relation to all buildings, just to dwellings or non-domestic buildings?**

**We believe the Government must, in parallel, further promote and financially support existing and new building efficiency improvement schemes for householders and the**

commercial sectors. Examples could include insulation for non standard cavity walls and internal/external cladding and demonstrate how these, integrated with renewables, can provide cost effective projects and programmes to deliver major carbon savings.

**Q8: Which of our two lead options for the energy efficiency requirement – requiring a building to achieve a specified EPC rating , or requiring the installation of all measures that are identified on an EPC as potentially financeable under the Green Deal - do you prefer for (1) dwellings, and (2) non-domestic buildings? Give reasons to support your answer.**

Disagree

Comments:

**We do not agree to the linking with energy efficiency of buildings. This will do serious harm to the uptake of solar PV and have little impact on the uptake of energy efficiency measures. As stated above some recommendations may not be practically achievable. An older building may be inherently inefficient and so have a poor EPC rating but be well-suited for PV.**

**Q9: Under the first option for the energy efficiency requirement, do you agree or disagree with the proposal that the EPC rating required to be achieved should be level C or above? Give reasons to support your answer.**

Disagree

Comments:

**See our comments in section 8.**

**Q9. Do you agree or disagree with the proposal that, for a transitional period only, all solar PV installations attached to a building should initially qualify for the standard tariff, and their continued eligibility for that tariff should be conditional on the building to which the PV installation is attached achieving the energy efficiency requirement within a specified period? Give reasons to support your answer.**

Disagree

**Neither. As building fabric energy improvements may not be practically achievable and an older building may be inherently inefficient so have a poor EPC rating but be well-suited for PV.**

**Q10. Do you agree or disagree that this transitional arrangement should apply to installations with an eligibility date on or before 31 March 2013, and that the specified period should be 12 months from the installation's eligibility date? Give reasons to support your answer.**

Disagree

Comments:

See comments in previous sections.

**Q11. Can you identify any other issues, besides those discussed in this chapter, in relation to the implementation of an energy efficiency requirement for (1) dwellings, and (2) non-domestic buildings?**

Comments:

**Universities and many colleges have developed carbon management plans with new £multi-million investment programmes to meet carbon reduction targets. The best practice from these and other programmes should be obtained, publicised and promoted to deliver balanced cases for investment.**

**We believe this consultation may be as a result of a fundamental misunderstanding that the costs of low-carbon technologies are leading to sharp rises in fuel bills. The Committee on Climate Change recently said increases in bills over the past few years have been largely due to higher wholesale gas costs and not renewable energy technologies such as PV. This principle must be used in this consultation to ensure proper ongoing and sufficient financial support is maintained to encourage investment in a wide range of renewable energy technologies including PV. It will create and maintain industries and large numbers of jobs, raise revenue through income taxes and help meet our legally binding targets to reduce carbon dioxide emissions.**