



Consultation on a review of the Feed-in Tariffs scheme (URN 15D/435)

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Consultation response from the Environmental Association for Universities and Colleges (EAUC)

About us

The Environmental Association for Universities and Colleges is the sustainability body for tertiary education in the UK. The EAUC seeks to work with Members and partners to drive sustainability to the heart of further and higher education.

The EAUC Vision is a university, college and learning and skills sector where the principles and values of environmental, economic and social sustainability are embedded.

Our Mission is that we will lead, inspire and equip Members and stakeholders with a shared vision, knowledge and the tools they need to embed sustainability within curriculum and operations.

Our Membership is made up of **215** Member institutions (Universities and Colleges across the UK and internationally) comprising some **4,216** professionals.

Our Response

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

Our members strongly disagree with the proposed generation tariff rates set out in the consultation. They feel that the entire premise of the proposed changes – that energy consumers must be protected from the costs of renewable energy subsidy – is flawed and ignorant of the purpose of supporting renewable energy technologies. Not only does the FIT contribute a minute portion to energy consumers' bills but, even if this fact is ignored, the subsidy is vital to ensuring renewable technologies achieve market competitiveness, while enabling the UK to increase its share of renewable generation. This, in turn, is essential in achieving national and international targets for low-carbon energy generation and reducing carbon emission in-line with binding targets, for the purpose of reducing the UK's contribution to climate change.

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Our members feel that the changes proposed both in this consultation and in others (such as the consultation on the early withdrawal of the Renewables Obligation scheme) are politically motivated rather than being based upon environmental or economic knowledge, and the Government's weakly-constructed arguments, in favour of cutting subsidies, disintegrate under any clear-thinking examination.

The electricity bill savings which are deemed to be so crucial, and which are estimated by DECC in its Impact Assessment, amount to no more than 1.5% by 2020. For the upheaval that the proposed changes will cause, and for their environmentally irresponsible nature, our members feel that these meagre savings are completely pointless. Renewable energy is universally acknowledged to be able to save money in the future so cutting support for renewables in the present makes absolutely no sense. The renewables industry has been treated as the piggy in the middle, suffering from various policy swings as the Government loses any environmental credibility it once had.

Our members also feel that the basis of the proposals is flawed for a number of reasons (based on DECC's own Performance & Impact report). The FIT scheme is already proving more cost-effective than the projections for 2020 (p.37), savings of just £5/annum/household (p. 39) will make little difference to householders bills, continuation of the FIT scheme at current rates will mean the scheme will naturally make the FIT scheme unnecessary in the future (p.39).

One of our member institutions has been working for 12+ months to develop a community-owned solar PV scheme; intended to invite the local community to invest in the scheme, providing them with a modest return, the University with modest energy price savings and creating a surplus fund to be able to support sustainability initiatives in the local community. At the proposed FIT rates, the scheme simply no longer stacks up; despite being in south-east England, on south-facing roofs. The University had plans for a scheme with a total installation cost of £991,000, which was expected to enable the University to purchase electricity at 8.8p/kWh +VAT (a modest saving), return 5% per annum to investors and generate a surplus fund average £17,500 for community schemes over the 20 year lifespan. The revised FIT rates would mean that even with no saving on energy prices to the University, no community fund could be achieved and returns of only 3% p.a. for investors could be achieved. This is a specific example of a viable scheme at an advanced stage of planning that has now had to be pulled. Our members feel that there will be many similar schemes around the country in the same situation.

2. 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.

Our members are undecided. This is partly because no specific costs are quoted for the higher education sector. However, our members recognise that the authors of the PB report themselves make a note of the statistical limitations of their report, finding that they received fewer survey responses for certain tariff bands than would be desired. They feel that to use assumptions based on limited data as the foundation for a complete overhaul of renewable energy subsidies is unacceptable.

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Parsons Brinckerhoff state on Page 7 in section 1.2.1.5 that “Responses relating to solar PV projects were particularly low, with survey responses received from domestic homeowners only...” Parsons Brinckerhoff estimate costs for a 150-250kW new build to be £1,072/kW in their central case, whereas our members’ experience finds costs to be somewhere between this central case and the high case of £1,329/kW. It is also worth noting that this project is being undertaken on the South Coast, which is particularly well-sited for solar PV and is likely, therefore, to benefit from lower installation costs due to market competition and economies of scale for installers. Costs in other regions are likely to be higher than those encountered in this project. It is clear that the cost estimates produced by Parsons Brinckerhoff are likely to be inaccurate and, most crucially, based upon extremely limited supporting evidence. This does not provide a solid rationale for implementing a change to the FIT market which is expected to crush the renewables industry.

Our members have received feedback from solar PV developers which predicts an almost complete curtailment of growth in solar PV generation capacity in the UK. This is anticipated to put thousands of jobs at risk (with over 30,000 employed in the solar industry in the UK) and threatens to dramatically reduce investor confidence in the UK renewable technology research and development market.

In the past few days (as of 9th October 2015), two solar PV developers have gone out of business, citing the Government’s austere approach to renewable energy subsidies as being the main contributing factor. The risk to the industry due to the removal of stability is noted in the Parsons Brinckerhoff report. Parsons Brinckerhoff use the RPI for inflation calculations, despite this measure being identified in DECC’s consultation as being flawed. RPI indicates a higher rate of inflation than does CPI. Therefore, our members feel they must assume that Parsons Brinckerhoff has overestimated the longer-term costs of renewable technologies and the subsidies used to support these.

Capex calculated by Parsons Brinckerhoff does not include grid connection costs, or substation or transformer costs, despite these potentially contributing a measurable expense for larger-scale generation plant. Furthermore, capex is stated to exclude ‘owners’ costs’, with no definition provided as to what ‘owners’ costs’ are. Our members feel that a drastic reduction in the subsidy, as has been proposed, is likely to eradicate any possibility of higher education institutions being able to undertake renewable energy projects in the near future.

In conclusion, our members feel that the data used by the consultant is insufficient and lacks transparency and even the conclusions reached by the authors do not truly seem to support the DECC’s proposals.

3. 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.

Our members feel that the proposed default degression pathways do not reflect future cost and bill savings assumptions in the higher education sector or other sectors. However, for our members it is not so much the rate of degression which is the concerning element of this consultation, but the sudden and drastic reduction of the FITs on January 1st.

DECC states itself that stability is crucial for the renewable energy market and intends that the proposed changes to the FITs will end the cycle of spikes in deployment prior to each new degression period, and will supposedly provide energy consumers with better value-for-money.

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Our members feel that the proposed changes will have the opposite effect. At present, renewables developers are operating at maximum capacity as thousands of homeowners and businesses are attempting to install systems before the changes to the FITs come into effect. This will cause a huge spike in deployment in this period, and will, according to the DECC's own logic, deliver poor value-for-money for energy consumers. It is important to recognise that these proposals are completely unsupported by evidence.

Table 33 on Page 32 of the DECC's Impact Assessment Periodic Review of FITs 2015 displays the Government's anticipated electricity bill savings achieved through the proposed cuts to the FITs. For the 'average householder', savings are as low as 0.1% per year initially, and only as high as 1% by 2020 at most. Even for commercial and industrial consumers the savings are not above 1.5% by 2020.

Clearly, the DECC's claim that bill-payers need to be protected from the costs of renewable energy subsidies is unfounded since the proposal has barely any impact. Ultimately, this implies that the proposed changes to subsidies are not remotely economically or environmentally motivated, but merely an attempt at seeking votes from the environmentally disdainful populous, while perhaps being a matter of principal for the Government itself, which is proving itself draconian and cold in distancing itself from every ethical responsibility possible.

4. Do you consider it appropriate to harmonise the triggers for contingent depression 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.

Our members do not consider it appropriate to harmonise the triggers for contingent depression across all technologies and feel it is illogical to assume all technologies should depress at the same rate, since they are all at different stages of uptake (as Table 3 of the DECC's Performance & Impact document makes clear). They feel that the DECC is not particularly clear in this proposal and are uncertain as to whether the harmonisation would apply across all depression bands for each technology, or for all tariff bands across all technologies simultaneously. If the latter is the case, our members do not consider it appropriate to harmonise the triggers for contingent depression.

Certain technologies are able to be deployed much more rapidly than others (solar PV compared to hydro, for example), and these are, therefore, more likely to reach a deployment cap or contribute to a deployment cap being reached. As such, while the harmonised depression may reflect falling installation costs for these fast-deploying technologies, it will underestimate the costs of slow-deployment technologies. There is a clear risk that the harmonised depression may swiftly undercut (any remaining) financial viability of installing certain technologies. If this occurs, the harmonisation will reduce the diversification of the renewable energy supply and will make it possible to deploy only those technologies which can be installed quickly, before a deployment cap is met. This could cause certain technology industries to fail, leading to job losses and a reduction of investment in the UK renewables industry.

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5. 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.

Our members feel that the export tariff provides income for some installations registered under the FIT scheme, but not for others. Domestic installations are likely to export a small amount of electricity to the grid, while larger installations may be designed solely for the purpose of exporting electricity to the grid. Our members suggest that the export tariff should be somewhat dependent upon the recipient. For system owners with limited financial capacity, a shorter payback period (and greater ROI) may be more important to incentivise a project than it would for an organisation with a greater financial capability, such as a renewables developer. The export tariff could be adjusted according to the hurdle rates of each tariff band.

Where the owner of a renewable generation system consumes less electricity at certain times than the system generates, and since the export tariff is considerably lower than the value of electricity bill savings, there is a distinct possibility that system owners may alter their electricity usage habits.

For example, in the case of a solar PV system generating more electricity during the afternoon than the property consumes, the homeowner might be inclined to undertake practices (such as using dishwashers, washing machines, etc.) during the daytime rather than at night, when the solar panels would not be generating electricity. This in itself does not cause a problem, since the same amount of energy is used, but it might lead system owners to be less cautious with their energy usage, and could potentially lead to unpredictable or unusual grid demands if enough renewable system owners followed the same patterns.

Despite the above, our members support the existence of the export tariff and would disagree with proposals to reduce it. Of the options offered by the DECC, the formalised annual re-setting of the export tariff to a wholesale power price index seems to be the most economically intuitive solution, which should largely address additional costs to suppliers.

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

Our members agree and feel that the changes to the indexation link under the FITs scheme do not, in themselves, pose a problem. If the FITs are still adjusted according to inflation, then there should not be an issue, particularly since CPI is regarded as a more accurate measure than RPI.

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

Our members tend to disagree and support the inclusion of any technology which can achieve grid parity by the end of the FITs scheme in principal. They believe that the potential to add emerging technologies in the future should be retained and hope the development of these technologies would be subsidised under the FIT to enable deployment and to achieve grid parity.

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If, however, new technologies have considerably greater levelised costs than those currently included in the FITs scheme, and could not achieve grid parity before the closure of the scheme, our members would suggest that they should be supported under a different subsidy stream. Members suggest that it may be that the FITs might be better utilised to guide into unsubsidised market competitiveness those technologies which are currently already included in the scheme.

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

Our members disagree with this proposal and feel that such caps will prevent perfectly viable schemes from being implemented. They feel that introducing such caps is likely to lead to the early closure of the FIT scheme in its entirety (the previous 'rush' on FITs saw £120m of applications - more than the entire proposed funding pot). Rather than a managed scheme designed to continuously reduce installation costs, the scheme will resemble previous schemes which have been underfunded and oversubscribed.

Our members believe that given the likely and impending crises of energy security, climate change and energy price inflation, it is unthinkable that the Government would seek to limit the deployment of renewable energy generation. They have heard the claim that the changes to subsidy are designed to reduce costs to consumers, and to 'protect' bill-payers from the costs of renewable energy subsidy and 'green' policies, but the burden of the LCF and other environmental policies to consumer bills represents only a small portion of total consumer energy expense. Even if this was not the case at this moment in time, the support for renewable technologies is designed ultimately to ensure cost savings and environmental protection in the future.

There comes a point where people will have to start paying more for our energy in acceptance of the fact that, until now, we have benefited from cheap, environmentally unsustainable, finite energy resources. Subsidy for renewable technologies is not a permanent feature, and is designed to encourage the deployment of renewable generation until those technologies reach grid parity and their installation is financially viable without the need for support. The Government should be taking the opposite approach and looking to increase deployment of renewable generation. Even if this increases consumers' energy bills in the short-term (with these subsidy-related increases not likely to be a significant contributing factor to overall bill increase, which is mostly due to the rising cost of wholesale energy), savings will be achieved in the long-term when the previous investment in renewable energy counteracts the impact of rising fossil fuel energy costs and the somewhat avoided expense of reducing carbon emissions and mitigating climate change impacts.

9. 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.

Our members do not support the suggestion of the deployment of caps and feel that better approach to reducing the cost of FITs would be to reduce the period FITs are paid for to 15 years rather than 20. This would ensure a more modest return on schemes without including some very high returns in the latter years of the scheme which distort the reported savings.

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If caps are introduced members feel they should be broken down by technology and depression band and, potentially, by sector (i.e. domestic, community, small commercial, etc.).

10. 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.

Our members are undecided. They cannot foresee how it will be practicable to implement a deployment cap. With so many projects being undertaken simultaneously, it will be very difficult to decide which installations are considered to be pre-cap or post-cap. It will be essential that proposed projects are encouraged to apply for the FIT early on; otherwise they run the risk of completing and being commissioned to then discover they are beyond the cap and are not eligible for the FIT.

11. 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.

Our members feel that the proposal to cut the FITs as contained in this consultation is damaging enough to the renewable energy sector in the UK. The suggestion of removing the generation tariff altogether is even more ridiculous. Renewable energy offers the only sustainable means of powering our society. Seeking to reduce supposed costs in the short-term by cutting renewable energy subsidy will lead to long-term expense much greater than any cost savings which can be achieved now.

Beyond any financial considerations, our members feel morally obliged to seek to reduce their environmental impacts and to mitigate climate change. Transitioning to renewable energy is not a choice; it is essential, and it will be cheaper to do so now than in the future.

Returning to the issue of reducing the expense of the LCF, it is important to note that the projected LCF spending in 2020/2021 (£9.1bn) is within the LCF spending headroom. Therefore, any argument pertaining to LCF overspend is completely invalid, and the budget has not been breached. The DECC's warning of 'unlimited costs on consumers' is chimerical and unfounded. Energy efficiency and climate change policies (including renewable energy subsidies) are calculated by the House of Commons Environmental Audit Committee (Volume 1, Ninth Report of Session 2013-2014) to contribute 9% of the average household energy bill. Just over a half of this 9% is for energy efficiency and 'helping the very poorest households', with the remainder going towards supporting home-grown low-carbon sources of energy, including the FITs and the Renewables Obligation. Wholesale energy costs, meanwhile, contribute 47% to energy bills. Bills were found to have increased by 13% between 2010 and 2012, with the main drivers of this increase being wholesale energy prices (greater than 60%), network costs, supplier operating costs and margins (25%), while energy and climate change policies contributed only 15% to this increase. This calculation does not take into account the energy bills savings from energy efficiency policies; the average impact of policies was estimated to be a net saving of 5%.

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The evidence from the House of Commons Environmental Audit Committee clearly demonstrates that the denigration by the Government of energy and climate change policies and subsidies ('green crap') is completely politically motivated, and shows a disdain for poorer households, the environment, and the burgeoning renewable energy industry alike.

There has been universal dismay from the renewable energy market and environmentalists both nationally and internationally over the DECC's proposals to cut the FITs. Numerous renewables developers have stated their concerns that the renewables industry will not be able to cope with the suddenness and severity of the cuts. In the solar industry alone, the DECC's own figures (the DECC Performance & Impact Review) state on p.44 that 10,000 - 30,000 FTE jobs will be involved with solar PV installations at the current rate. Given the business case for installations will be wiped out by the removal of FITs, the potential impact is therefore the loss of 10,000-30,000 jobs.

12. 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.

Our members feel that this question is too vague as an answer would depend upon the length of time for which applications would not be accepted. If the temporary closure of accepting applications caused eligible installations to miss the opportunity to accredit under the FIT, or to only be able to receive the reduced subsidy, despite having been commissioned and accreditation applied for before the cut-off time, then the proposal is unfair and will cause financial losses for developers or system owners. It will mean that perfectly viable schemes, which have long been in development, would be unfairly penalised, and potentially be left to complete with newer schemes under a revised policy.

Our members believe that this proposal may also lead to reduced incentives to undertake renewable energy projects, which will reduce low-carbon deployment in the UK.

13. 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.

Our members feel this scenario would be insufficient to enable a business case for renewables to be made. The export tariff currently provides 4.85p/kWh generated by a renewable installation. Using the example of solar PV, if it is assumed that 1kW installed capacity generates 1,000kWh per year, the maximum return through the export tariff will be £48.50 annually. Currently, 1kW solar PV costs at the very least £1,000 to install, meaning payback time will be longer than the installation will be eligible to receive the export tariff. This does not take into consideration the fact that, depending upon the type of building or installation, a portion of the electricity generated may be consumed on-site and not exported. This will increase the financial savings (through reduced energy bills), but the return on investment will be considerably lower and the payback period for renewable installations will still be a lot longer than under the current system. Many potential projects for installing renewable generation will no longer be financially viable, and the renewables industry in the UK will suffer as a result. This will have lasting and detrimental implications for the UK's efforts to increase renewable energy supply and ensure energy security, will increase susceptibility to failing to meet targets for renewable generation or carbon emission reductions, and will further exacerbate our contribution to climate change and environmental degradation.

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14. 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.

Our members do not see how this would be practical or how it could be enforced and believe this would unfairly impact individual installers. At larger deployment scales, competition between prospective developers could be feasible, since there are likely to be fewer projects being undertaken and fewer developers willing to undertake them. These developers are more likely to have the resources and the experience to undertake tendering processes, and will be more accustomed to the concept of competing for work.

However, it is impossible to envision how competition could be used as a means to prioritise proposed installations at smaller deployment scales, for example at domestic, small commercial or community scales. These system owners will not have the expertise, the resources or the patience to engage in any form of competition. The DECC provides absolutely no suggestions as to how competition would be used or administered, or how competing groups would be judged. The use of competition will encourage groups to cut corners, or perhaps to provide misleading or overestimated data or projections about the performance of proposed installations.

Finally, our members feel that the use of competition is likely to lend a bias in favour of those groups in each tariff band which have the greatest financial capability compared to their competitors. This will give an unfair disadvantage against poorer households or community-owned groups or businesses. They suggest that a preferable solution would be to limit the returns to large multi-site installers to allow more funds to benefit a greater number of schemes which are more reliant on FITs for their viability.

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

Our members feel that it is important for energy security and for nourishing a diverse low-carbon energy research and development base that subsidies for renewables are offered to all technologies which offer a real and sustainable solution for decarbonising the UK energy supply and which can achieve grid parity. As such, they feel that the FITs should be offered to all viable technologies, where viability is judged as the potential for achieving market competitiveness within a reasonable time period. Diversity of supply is an excellent safeguard against energy security problems, which, unfortunately, our members feel certain to encounter under the Government's current policy.

The decentralisation of energy supply further helps to protect against energy security issues, localises and diversifies the ownership of generation plant, and can enable public inclusivity and cooperation. While renewables in isolation are sometimes considered intermittent, when interconnected locally and regionally, a diverse renewable distributed generation can offer greater grid stability and a more reliable power supply than centralised and remote large-scale generation. Large-scale fossil fuel generation plants (such as gas, coal and nuclear power plants) require considerable downtime throughout the year for maintenance works, and can, therefore, be considered to be unreliable or intermittent over longer timescales. Backup generation is even more susceptible to unreliability due to the load placed on equipment during ramp-up and ramp-down processes.

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Finally, the comparative remoteness of large-scale fossil fuel generation leads to an increased proportion of efficiency losses in the transmission and distribution network. A diverse and geographically well-distributed network of renewable generation, featuring a variety of technologies deployed at different capacity scales, combined with storage capacity (such as that enabled by coupling off-peak generation with the charging of an integrated electric vehicle infrastructure) and a more intuitive smart grid, will allow the UK to dramatically reduce carbon emissions, ensure energy security and bring considerable economic benefit.

Our members argue that FITs should subsidise generation across all capacity scales and technologies, but should perhaps provide a more flexible regime and greater support to groups which would otherwise be the least able to install such renewable generation, such as community and not-for-profit organisations. Additional support should be provided for groups or households which are considered energy-poor in order to help achieve reduced energy bills and improve safety and comfort.

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

Our members feel that the consultation is not particularly clear about what the proposed change actually entails. As the consultation recognises, there are legitimate reasons to consider an extension, and removing this ability could prevent viable schemes from proceeding. A more sensible approach would be to offer a reduced FIT rate for such schemes.

Our members also believe that it would make sense that an extension to an existing installation would not receive the original installation's FIT rate, and would benefit instead from whatever subsidy was on offer at the time of commissioning or accreditation of the extension. They feel the additional capacity should still receive subsidy upon its completion, however, at the contemporaneous rate.

17. 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.

Our members agree with the proposal as long as the new and existing generators do not incur any additional costs from this proposed requirement. They believe it is desirable to develop a comprehensive data collection and reporting mechanism on renewable capacity and generation in the UK as this will allow for an improved understanding of energy demand patterns, network load and grid responsiveness, and may help to prevent stresses on the distribution and transmission infrastructure. Generally, a more intuitive and technologically advanced, real-time metering system will help with the transition to a smart grid.

Enabling real-time smart metering and a more informative means of presenting generation may be useful for the purpose of communicating to building owners or managers the patterns of energy generation and consumption, and may encourage better practices in building management.

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18. 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.

Our members agree with the use of smart metering and see no issue as long as the cost of retrospectively-installed smart meters is covered by the FIT provider. Smart metering generally may increase energy consumers' understanding of their energy use, and should facilitate a more energy-aware society. If new applicants are required to have a smart meter installed prior to application to the FITs scheme, the cost of this must be recognised in the DECC's estimations of renewable energy deployment costs, and the consequent FITs offered. There is not much to distinguish this 'alternative proposal' with the previous one.

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

If remote metering can be used to reliably provide energy users and FIT providers with accurate data on generation and consumption, then our members find the use of this tool agreeable. If the cost for undertaking this is borne by system owners, and in particular homeowners and small businesses, then the proposal is less agreeable. The costs should be borne by the FIT provider, rather than the system owner.

20. 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?

Our members note that this condition already exists for larger recipients of the FITs. If assistance in doing this can be provided by the installer, or the DNO notification process can be simplified, then our members see no reason to disagree with this proposal.

If there are no costs to the recipient when notifying the DNO, or there are no punishments for failing or forgetting to do so, then this condition is acceptable. It makes sense for DNOs to have as much information as possible about the distributed generation attached to their networks.

21. 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?

Our members understand that considerable deployment of renewables places some strain on grid networks, depending upon the conditions of the networks, and that this can incur costs for the DNO. However, the development of a low-carbon energy supply is imperative and cannot be avoided due to the UK having an outdated electricity transmission and distribution network. Ideally, there would be well-distributed storage facilities connected to localised distribution networks.

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However, our members feel that the cost for this should not be borne by forward-thinking individuals, groups or organisations that are already making a considerable financial outlay by undertaking renewable energy projects. It is difficult to foresee how the requirement for collocation will be enforced, or how its expense can be carried by installers, particularly given the severe cuts to the FITs as proposed by the DECC. Consequently, our members support the installation of storage capacity, but not capacity that is funded by renewable energy system owners. They disagree that the FITs scheme should be amended to include the requirement as given above and feel that a more sensible approach would be to incentivise such demand/storage solutions to be integrated; to develop their uptake as there are not always viable storage solutions on the market.

22. 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?

Our members disagree and feel that this needs much more consideration before an accurate way of applying such costs could be considered for implementation.

Our members feel that, to a certain extent, new generators already contribute to paying for the costs they impose on the network, in that grid connection at larger deployment scales must be paid for. Those seeking to install renewable energy systems should not be punished for doing so, and the cost of grid upgrades should be borne by the Government and the network operators, since these will have to take place sooner or later regardless of whether the DECC decides to support renewables at the present time or not.

23. 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.

Our members are undecided. They feel that it is ideal that new AD installations would prove to be sustainable over their operational lifetime. However, they believe that if this proposal is designed simply to limit the expense of providing subsidy for AD, rather than actually seeking to ensure sustainability, then it is pointless.

24. 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.

Our members had no comments to make on this question.

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

Our members had no comments to make on this question.

Continued...

26. 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.

Our members believe that it would appear to make sense that the eligibility criteria for exemption from the costs of the FITs should be the same in other countries as they are in the UK. Ultimately, if this proposal encourages UK energy generators to invest in renewables and to increase their UK-generated low-carbon energy share, it is a fair proposition and our members agree. The DECC's description of the proposed change could be more clearly explained to allow more transparency as to how the proposal would impact upon the funding of the FITs and whether it would influence renewable generation in the UK.

27. 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?

If the proposed cap would incentivise UK energy generators to invest in renewable generation in the UK, thereby increasing deployment of renewables in this country, our members agree. As with Question 26, the DECC should have provided more evidence and clearer information as to how the change would affect the funding of the FIT scheme and the deployment of renewable generation in the UK.

28. 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.

Our members had no comments to make on this question.

29. 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.

Our members see no reason to disagree with this particular proposal. It makes more sense to use the £66,000 interest accrued on the Levelisation Fund to part-fund Ofgem's operations than it does to split this relatively meagre sum between the licensees. As long as this interest is ultimately used to support the development of renewables in the UK, our members condone it.

30. 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.

Our members feel that if the revision of the EPC eligibility criteria would have the sole impact of encouraging other improvements to building energy efficiency, then the change is not an issue. However, they suspect the proposed alteration will have a detrimental impact, and they therefore disagree with the revision.

Continued...

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It is likely that many building owners who would otherwise have taken steps to reduce the environmental impacts of their premises will no longer be eligible to do so. Many modern buildings, which previously may have been eligible to install renewable generation at the higher tariff rates, will now only receive the lower tariff (or none at all, as discussed below), and it may not be financially viable to undertake such projects. This will have the impact of reducing the UK's previously encouraging growth in renewable energy generation capacity.

31. 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.

Our members disagree with the proposed revision. Many new buildings are energy-intensive due to their operational purpose (such as laboratory buildings or 24-hour library buildings in the higher education sector, for example), and the installation of renewable generation such as solar PV can be an excellent long-term, sustainable and cost-effective method of reducing energy costs and carbon emissions.

The removal of eligibility altogether for buildings which do not achieve at least a C rating will prevent many organisations from taking important steps to reduce their environmental impacts and will in fact cause higher energy costs for the building owners throughout the lifetime of the building. This goes against all logic, and indeed the arguments of the DECC, who claim to intend to reduce consumer bills.

32. 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.

Our members agree with and encourage the continuation of support for the deployment of local, community-owned renewable generation capacity, and any measures which allow fuel-poor households to reduce their energy costs and improve domestic health and comfort.

We appreciate the opportunity to respond to this Consultation.



Iain Patton
EAUC CEO