



Newsflash: DECC announce FIT consultation results

DECC have announced their response to the recent feed-in tariff consultation today (17 December 15) – just in time for Christmas! Nearly 55,000 people responded to the consultation, including one response from a school in the format of papier-mâché sun signed by the school children. The time taken by many of you to respond to the consultation was recognised, as the report clearly shows that concerns amongst community energy sector featured often in the responses.

If you'd like to read the full Government response of the FIT review you can access it here - www.gov.uk/government/uploads/system/uploads/attachment_data/file/486082/FITs_Review_Govt_response_Final.pdf

Here's an overview of what the changes might mean for community energy projects:

Solar PV

The new tariff rates for solar PV in most bands don't go as far as were originally proposed. The 87% drop in tariff rates for installations <10kW that was feared is a slightly less severe 65%. But for those looking at larger projects the new rates are not too dissimilar to the proposal and for installations >250kW the cuts are more than expected.

Wind

The biggest plus for wind is that 50-100kW installations are reducing 4p/kWh less than expected and there will still be a small tariff for projects over 1.5MW.

Hydro

Hydro looks to come off the worst with all tariff bands reducing further than expected, except for projects over 2MW.

DECC believe that these new tariffs should allow a 4.8% rate of return for solar, 5.9% for wind, and 9.2% for hydro. Anaerobic digestion and micro CHP were not reviewed as part of this consultation, but DECC plan to launch a separate consultation for these technologies in early 2016.

The new tariffs will be introduced on 8 February 2016, and in order to protect their budget there will be a pause on the scheme from 15 January. Effectively this means that any installation on or after 15 January will receive the new tariff rate. The tariffs are laid out in the table overleaf:

Tariffs (p/kWh)	Installed capacity	Consultation tariffs	New tariffs (Jan 2016)
PV	<10kW	1.63	4.39
	10 - 50kW	3.69	4.59
	50 - 250kW	2.64	2.70
	250-1000kW	2.28	2.27
	> 1000kW	1.03	0.87
	Stand alone	1.03	0.87
Wind	<50kW	8.61	8.54
	50-100kW	4.52	8.54
	100–1500kW	4.52	5.46
	>1500kW	0.00	0.86
Hydro	<100kW	10.66	8.54
	100-500 kW	9.78	6.14
	500-2000kW	6.56	6.14
	>2000kW	2.18	4.43

Pre-accreditation

The good news from the consultation is that pre-accreditation will be re-introduced from 8 February 2016 and will be available for solar and wind projects over 50kW and for all anaerobic digestion and hydro projects. The pre-accreditation period will be 6 months for solar PV, one year for wind and two years for hydro and AD. However community energy projects can have an additional 6 month period added to any of these eligible technologies to account for the extra time needed to get these projects up and running.

With no tariff guarantee available for installations with a total installed capacity less than 50kW, smaller solar PV schemes will miss out on pre-accreditation. However, DECC are planning to review this to see if it's possible to re-introduce this mechanism as well.

So after months of uncertainty this announcement means that everyone knows the tariff rates going forward making it easier to plan projects and assess the financial viability of your installation. The re-introduction of pre-accreditation is definitely a good Christmas present to some degree. Despite the fact that the rates for all technologies are reducing significantly, this does at least mean that projects can pre-accredit at the rates in force when they are carrying out business planning, rather than having to deal with further degressions down the line.



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