

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

PERSONAL DETAILS

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Would you like this response to remain confidential? No

CHAPTER 2: PROPOSED TARIFF CHANGES FOR SOLAR PHOTOVOLTAICS

Q1: Do you agree or disagree with the proposed new tariffs for solar PV? Give reasons to support your answer.

Disagree

Comments:

There is no supporting documentation to support the levels proposed. The logic involved in setting the figures is put into question when the tariff for a 4kW PV system is substantially lower than that for a 100kW wind turbine.

The changes the Government are proposing appear to be brought about in order to provide a fixed cap on FIT payments. The basis of the decision is from the government analysis of the uptake of FITs technologies. This analysis has been called into question by various bodies and as a result should be backed up by further data before it is reliably used to dictate policy decision.

The action will curtail development in one of the UK's few growth sectors and of a lesser extent lose the opportunity for job creation.

This proposal is the third (of fourth) consultation within a 9 month period and from liaising with companies in the business and other local authorities it is clear that confidence in the scheme has been undermined along with credibility of government policy more generally.

The domestic sector in Brighton & Hove contributes 42 per cent of our total carbon emissions per capita, making it the single most significant source of carbon dioxide in the city. The proportion in the city is higher than both the region, at 32 per cent, and the nation, at 29 per cent.

Many households in the city have difficulty in paying for fuel to keep warm during the winter months. A substantial number of these households fall within the government's official definition of fuel poverty as they spend more than 10 per cent of their income on fuel to heat their homes. Our plans to roll out solar PV across a

potential 1,600 council housing roofs in the city are seriously undermined by the proposals included in the review of tariff levels, in addition to carbon savings and addressing fuel poverty our project had the specific and added benefits of;

- Community benefit – benefitting our tenants, at a community level, who will otherwise be unable to access solar PV and in particular where there are vulnerabilities such as fuel poverty, older and disabled and disadvantaged households
- Economic impact – supporting the emerging green economy in the City
- Budget impact – providing a means of supporting borrowing for community benefits to reduce fuel poverty reduce CO2 and support local business, through wider energy efficiency measures and schemes
- Stock condition – scheme not only supports Council tenants, but we also wish to extend benefits to private sector homes where we have identified particular issues with thermal comfort. This is particularly relevant for Brighton & Hove where 35% of the private sector housing stock fails to meet the Decent Homes Standard, this is substantially higher than the national average of 27.1%.
- The historic nature of the city, with its many conservation areas and listed buildings also makes it harder to install energy efficiency measures. Much of the City's stock (74%) was built before 1919, much higher than the national average, with solid walls and sliding sash windows, hindering energy efficiency. Solar PV is potentially one of the only cost effective measures applicable to this type of property, this is particularly relevant to the requirement to achieve a level of energy efficiency contained within the proposals, we comment on this further later in our response

Brighton and Hove as a Planning authority has seen a sharp increase in planning applications including domestic and non domestic applications of Solar PV. In addition to this many installations have taken place under Permitted Development Rights, and therefore are not monitored by the council.

During a 4 month period of monitoring July-November 2011, Planning applications submitted to Brighton & Hove for residential new builds and conversions proposed 35 PV installations covering 1150m² (all but 3 of these are under 4kWp and 6 were of unspecified size so projected kWh output not recorded here). These figures do not include all non residential development which have proposed PV, and also excludes all small scale domestic installations under Permitted Development Rights.

If this is converted to kWh output, 1150m² PV has the potential to deliver an estimated 27,000kWh/year. Since this figure represents applications over a 3 month period only, it can be estimated (assuming this rate remained the same over the year) that proposals would be submitted with a generating capacity of approximately 81,000kWh annually.

The installations in these applications may well be at risk of becoming unviable if they have not yet been commissioned. It has been very clear that this activity has been triggered by the availability of the FIT at its current rate. The slow uptake of micro generation that existed before the FIT is likely to resume with the reduction in FIT payments.

Applications for renewable energy generating technologies are supported by the council under *Local Plan Policy SU2 Efficiency of Development in the use of energy, water and materials; SU16 Production of renewable energy; and SPD08 Supplementary Planning Document - Sustainable Building Design*. Brighton & Hove City Council's draft City Plan for the LDF currently under consultation, proposes zero carbon aspirations for the city which will be seriously undermined when essential renewable energy generating technologies are not economically viable. Prior to the announcements about potential FIT reduction, the local planning authority fully expected to see increasing levels of uptake in micro-generation. This situation is likely to reverse or considerably slow down as PV becomes financially less attractive.

This compromises an essential element of planning policy which seeks climate change mitigation under *Planning Policy Statement 1: Delivering Sustainable Development* which gives all planning authorities the duty to deliver sustainable development, carbon reduction and energy security through the Planning System. Perhaps of more relevance, is the intention expressed in the draft *New Planning Policy Framework* to deliver sustainable development in which much emphasis is placed on renewable energy.

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:

The Government had previously stated that it would not make changes to the Feed-In Tariff before 1st April 2012, following previous changes earlier in the year. The offer to pay existing tariff levels to installations between 12th December and 31st March, for just a few months is just tokenism.

On the Governments statement that there would be no further changes to the FIT before the 1 April 2012 Brighton & Hove have set about developing a major capital programme of Solar PV installations on council housing stock, civic buildings and schools, based on current FIT rates before and after 1 April 2012. The proposed changes fundamentally alter the business case for investment and payback and at such a critical time in the planning and installation process (for meeting the original deadline); the Government have placed serious doubts over the future of these worthwhile projects.

Whilst recognising the need to review the FIT rates and the need to do this swiftly, the effect of proposing such a short time scale as the 12th Dec 2011 for an 'eligibility date', has caused widespread confusion across all areas of the sector. If this went ahead within the time scales envisaged of the 12th December 2011, it is our view that it would be damaging to the industry and local businesses who have invested significantly in meeting the demand for solar PV and will slow or even stop it until clarity returns when the results of the consultation are announced early in 2012.

We see this as potentially damaging for a thriving local business economy and ultimately for jobs in this sector. So whilst recognising the need for a review to

preserve the viability of the scheme we are concerned that the manner and the speed at which this review is being carried out and the proposed dates for tariff review will ultimately reduce the capacity of this thriving sector to develop and remain sustainable, further undermining the core objectives of the FIT regime. We would urge you, as part of the consultation, to ensure that the calculated budget savings from a reduced tariff as proposed, are not outweighed by the damage to the industry and subsequent lost tax revenue and lost jobs created by carrying out the review in this way.

Having an 'eligibility date' before the consultation end date and one which includes both the commissioning and acceptance by FIT agents/Ofgem, reduces the effective implementation of this date even further by shortening the real time scales by around two weeks, making installation completion due by the end of November 2011 virtually impossible even for those schemes well progressed in their plans and implementation. Many local authorities, including Brighton & Hove, have invested significant resources pre-install stage and would have modelled business cases on recouping these costs from the current FIT rates. There is potential that these costs can not be recouped, meaning additional cost pressure to already stretched LA budgets and further pressure on essential services to local people.

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

Disagree

Comments:

This date comes before the end of the foreshortened consultation period so almost states that the decision has already been taken to change the rates, this is one of the key weakening factors undermining the whole process and undermines the sectors confidence in not only this scheme but future schemes such as the green deal.

Many projects around the country are already in progress and working to the original deadline of the 31st March 2012. These projects cannot realistically achieve accreditation for the tariffs by 12th December 2011 because of the lead times involved, which the Government is clearly aware of because it refers to it under "Treatment of installations under construction during a review" in the RHI design document. These projects will have been planned and implemented in good faith by local authorities and businesses, with the intention of seeking to support Government policy based on a regulatory measure and tariffs published to be effective until 31st March 2012. The process of implementing the installation of solar panels to a building's roof is not a straight forward exercise and apart from the level of work required, these projects will have incurred significant investment – typically tens of thousands of pounds in costs are incurred for feasibility works, consultation fees, planning applications. If the Government is adamant that these projects fall under the new proposals, will there be a programme of reimbursement?

A more gradual approach to reducing the FIT rates, would enable people and organisations to plan ahead and adapt accordingly, the short timescales provided in the proposals risks reversing the achievements of this industry over recent years. The proposed date will seriously undermine our plans and opportunity to achieve the range of benefits identified above including reducing tenant's fuel bills at a time of increasing energy prices and more general cost of living increases.

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 require further information regarding this specific proposal.

This new category may be justifiable in very limited circumstances, such as the 'rent a roof' type scheme. However, this category should not apply where the tariff beneficiary is the owner of multiple premises, such as local authorities who are facing significant cuts in budgets or where revenue generated will support the community.

If a multi-installation tariff is to be introduced this should be targeted more specifically at models where there is no identified 'community' element. The key theme of our Solar PV proposal for council housing stock is that the scheme we have developed is for the benefit of tenants, residents and the economy of the City not the just the local authority's balance sheet. The proposed tariff rate for multi-installation schemes, without introducing allowance for 'community interest' schemes' will reduce the benefits that can be provided for many low income, fuel poor households and on our capacity to strategically invest in the renewable energy economy and reduce CO2 in the City.

We would suggest that the community interest element of schemes should be defined by a range of factors for example, including;

- 'Community interest schemes' multi-install schemes should have either a geographical element or an existing defined area or network membership, with protection to prevent companies defining a network of customers purely to circumvent the multi-installation reduction for 'non-community' interest schemes
- Significant consultation and involvement needs to be evidenced with residents/beneficiaries throughout development and implementation of programmes
- There is a clear benefit to residents, and that as much as possible these benefits should be targeted at those most vulnerable, i.e. through lower fuel bills for fuel poor
- That any surplus funds generated through FIT is reinvested into the community and for the benefit of our homes and communities, with a specific requirement for further energy efficiency, fuel poverty and CO2 reduction programmes
- That all schemes have the reduction of CO2 and fuel poverty at their core
- That schemes should encourage local businesses and training & employment opportunities

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

Disagree

Comments:

Again no evidence is presented to support these levels.

Not at current rates, see comments above. The consultation document refers to the economies of scale of larger multi-installation schemes which although true in terms of capital cost of supply of equipment and potentially reduced installation costs fails to take into account the additional costs of such schemes for an organisation such as ours, for example;

- Project management costs
- Legal and procurement costs
- Resident liaison work
- Potential DNO costs
- Building control and planning resource and costs
- EPCs and associated energy efficiency works

The proposed multi-installation tariff rates mean schemes where borrowing is required do not work. The capital costs of supply and install will have to reduce significantly further before such schemes become viable.

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.

Agree (with additional considerations)

Comments:

The requirement to ensure the property proposing to have solar PV installed has to achieve a better level of energy efficiency is understandable and is welcome in principle.

However there are a number of potential issues in the proposal that need to be addressed or require further clarification;

The requirement for a property to achieve a minimum of EPC level C energy rating to be eligible for FITs, may be unachievable for certain properties i.e. those constructed pre 1950, or which has single skin walls. Given the profile of the housing stock in Brighton & Hove this would be a significant issue, particularly in the private sector. This would rule out solar PV through FIT for these householders, preventing them from accessing one of the key measures i.e. solar PV available to them to increase their energy efficiency and reduce their reliance on non-renewable forms of energy. We would recommend that if the EPC requirement for eligibility of FITs is to be introduced then it should be made workable by removing discrimination to older properties, the very ones that would benefit most from efficiency improvements.

We suggest that DECC ensure that the EPC shows that the property has achieved the best energy efficiency and most cost effective measures possible for that property rather than an arbitrary, often unachievable target.

We would also express concern about the consultation process in this area where we are being asked to consider the impact of a recommendation where details are not yet confirmed i.e. as stated in the consultation document the redesigned EPC including information relating to the Green Deal are not due to be introduced until April 1st. And although supportive of the principles of the Green Deal and the ECO we are concerned that linking solar PV through FITs to this model that itself has a number of potential weaknesses and issues to address may add an additional layer of doubt and risk to the future of solar PV and FIT, further reducing confidence and security which in turn will cause greater instability to this sector.

We are also concerned about the potential costs of both carrying out EPCs to evidence energy efficiency and thus access the standard FIT tariff and the additional costs of works to properties to achieve this further undermines the estimated return on investment of the proposed tariff rates. These costs need to be factored in to the proposed tariff rates particularly for 'multi-installation schemes'.

An additional concern for some community interest multi-installation schemes may also be that due to the potential 'inequality' presented by solar PV schemes, i.e. not all properties being suitable and the restrictions faced on trying to share the benefits beyond the occupier, that the requirement to ensure further investment, from limited resources, in these specific properties has the potential to further increase this inequality. For some community interest schemes the potential surplus or benefits from the feed-in tariff may have been identified to resource energy efficiency improvements to homes not suitable for solar PV to reduce inequality and provide a benefit to a greater number of people, this proposal could reduce our capacity to do this. A solution for this may be to be an option to offset the energy efficiency improvements in other properties not covered by the solar PV programme. If you make equivalent improvements in 'alternative' properties the energy savings remain the same but are shared more equitably.

Q7: 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.

Comments:

Insufficient detail to assess at this stage, further consultation required at later stage.

Q8: 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 (unless other comments and considerations can be accommodated)

Comments:

The energy efficiency rating should be set at such a level to ensure maximum value

in terms of energy efficiency and carbon savings can be achieved but should not penalise those householders who due to either the property type or personal circumstance cannot achieve a relatively arbitrary target. The assessment should be based on the property and the circumstances of the occupier to ensure that all 'practical' steps have been taken. (practical needs to cover a number of constraints including - financial, fabric of building how building is used, other restrictions i.e. planning)

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.

Agree (if period is extended in transition)

Comments:

Sufficient time should be allowed for the energy efficiency measures to be completed and a transition period should be accommodated in any future plans and should be set at realistic length that does not further discourage installation of PV, see below.

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:

Due to current uncertainty created by the review we are unsure how the sector will respond to the proposals and implementation of any subsequent amendments. We believe the transitional arrangement should be extended beyond 31st March 2013 by a further 6 months to allow for sufficient level of consultation, financial planning and decision making that is relevant for multi-installation schemes.

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:

Comments on the methodology of the consultation:

It has been interesting to see that several companies have picked up on the fact that the consultation documents contained a link to the government's best practice guidelines, but did not reproduce the Government's own seven key criteria on consultation, as required when issuing such a document. These companies have then highlighted that the Government is in contravention of criteria 1 and 2, of the key criteria amongst others:

Criterion 1 : When to consult

Formal consultation should take place at a stage when there is scope to influence the policy outcome.

The proposals put forward on the review of the Feed In Tariff use a reference date and an approach for implementation, that indicate this is a done deal, which this consultation is already too late to influence.

Criterion 2 : Duration of consultation exercises

Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

It is obvious that the current review will last for less than eight weeks.

