

## **Update on Feed-in Tariffs for Solar Energy**

### **Purpose of Report**

The purpose of this report is to update members on changes to the feed-in tariffs for solar energy.

### **Summary**

We have continued to lobby for an adequate level of feed-in tariffs to allow councils to continue with their local plans for solar energy deployment, and to allow councils to support projects developed by their local communities. This has been supported by a survey to councils on the impact of the changing consultations on the feed-in tariffs and suitable tariff levels for their local schemes.

LGA officers, supported by councils, have been making ongoing representation to DECC and their consultants on the cost envelope taken on by councils when rolling out a solar panel scheme. This report sets out the new feed-in tariff regime for solar that has been announced so far by DECC. We are awaiting a final response which will include the tariff for community projects, which we hope will include council-led schemes.

### **Recommendation**

It is recommended that the Board notes the update report and feeds back any concerns or continued areas for lobbying.

### **Action**

Officers will take forward any actions agreed by the Board.

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1. DECC have released information on how the feed-in tariffs (FITs) levels for solar electricity generation will be set for the future.
2. From 1 August 2012, the generation tariff will be 16p/kWh. The export tariff will rise from 3.2p/kWh to 4.5p/kWh.
3. A multi-installation tariff has been set at 90% of the full generation tariff. This will apply to additional installations where an organisation receives the FITs for more than 25 sites. This means that for the first 25 installations, the full FIT can be claimed, and then the 26<sup>th</sup> installation and onwards will be at the reduced rate.
4. There are no details yet on the organisations or types of installations that the multi-installation tariff will apply to. We hope to have more information on whether schools, social housing and council-led projects will be required to take the 10% reduction in tariff shortly. DECC officials have stated that if each individual school takes the FITs, then the multi-installation tariff will not apply. Additional information may be available in time for the Board meeting, in which case officers will provide a verbal update.
5. There is scheduled to be a 3.5% reduction in the use-tariff every 3 months. If deployment is below a DECC set threshold, then the degeneration can be 'skipped' for a maximum of 9 months. If deployment is above a DECC set threshold, then the degeneration can be increased up to 28%.
6. DECC will release the deployment statistics and the tariff levels will be produced by Ofgem 2 months in advance of any change.
7. Three tariff bands have been identified that will operate independently from each other:
  - 0-10kWh
  - 10 – 50kWh
  - 50kWh +
8. This means that each tariff band may have the degeneration applied to them at different rates.
9. If a property does not meet the minimum energy efficiency requirements (EPC D) then they will receive 9p/kWh until 1 August 2012, when this will drop to 7.1p/kWh.
10. DECC are aiming for 1 million solar installations by 2015 at the 'consumer end of the market'. They are seeking to integrate solar into the larger policy landscape – for example around CRC and Green Deal.