

Welcome to the Autumn edition of the RECC Newsletter

In August the industry was rocked by Government proposals to make far reaching changes to the FIT. The UN's chief environment scientist Jacque McGlade warned this week that the UK was shifting away from clean energy just as the rest of the world shifted towards it. In this edition we explore the FIT consultation proposals. To make your views heard you should respond to the consultation - bear in mind that the consultation closes on 23 October.

We also look at a number of developments to the Domestic RHI scheme such as new sustainability requirements for biomass fuels, a further reduction to the biomass RHI tariff for domestic systems as well as the publishing of helpsheets around the recently implemented Energy-related Products Directive and the Energy Labelling Directive.


Mark Cutler, Editor

INSIDE THIS ISSUE

1 Government proposes 87% cut in FIT rate for small-scale solar PV

2 Ofgem publishes first Domestic RHI Annual Report

3 RECC launches Top Tips Video

3 Biomass Domestic RHI tariff reduced

3 Ofgem publish helpsheet on new energy directives and the Domestic RHI

4 Record fine for solar company cold calls

4 New sustainability requirements for biomass

4 Upcoming free webinar training

GOVERNMENT PROPOSES 87% CUT IN FIT RATE FOR SMALL-SCALE SOLAR PV



10:10 #keepfits campaign at Whitehall

Government has published a consultation document on the future of the Feed-in Tariff Scheme (FITs). It is proposing to introduce new measures to ensure that FITs costs are sustainable and to improve value for money for electricity bill payers.

The Department of Energy and Climate Change (DECC) states that the FIT scheme has already exceeded all expectations for the deployment of wind, hydro and anaerobic digestion. Solar PV is also expected to meet the projections for 2020/21 long before then. According to Government statistics the costs of deployment have also significantly reduced.

The Levy Control Framework limits the amount of money that can be added to consumer bills to pay for low-carbon electricity generation. The success of FITs has meant that payments have exceeded projections with more money being paid out than had originally been envisaged.

Government is inviting comments on 11 specific proposals for amending the FITs from January 2016 onwards. The proposals include:

- revised generation tariffs and revised tariff bands for new installations
- a limit on expenditure on FITs of £100m by 2018/19
- removal of generation tariff altogether if costs are not kept under control, with the export tariff only remaining
- revised 'default' and 'contingent' degression rates and intervals
- a move from RPI-linked tariffs to CPI-linked tariffs
- a ban on further technologies being eligible for FITs

GOVERNMENT PROPOSES 87% CUT IN FIT RATE FOR SMALL-SCALE SOLAR PV CONTINUED...

- extensions to existing installations no longer to be eligible for FITs
- no extension of FITs to Northern Ireland
- eligible technologies to be linked to specific MCS standards

Government is also inviting comments on a further 5 proposals for action in the future, including:

- a move to fully metered export tariffs
- a move to remote generation meter reading
- an obligation on all FIT generators to inform the local District Network Operator of their installation
- an increase in minimum energy efficiency criteria for eligible installations.

The deadline for comments on the consultation document is 23 October 2015.

RECC has already been very active in sharing with Government our views, backed up by evidence, about the effect the proposals will have on the sector. We have held meetings directly with Government officials and we have attended Government and industry working groups to stress the importance of stable,

predictable and continuing support for small-scale renewable generation.

It is important that as many of those in the sector as possible respond to the Government's consultation. If you can you should provide your evidence as to what effect the proposals would have on your business.

There is also currently a petition to review the approach the Government is taking to the Feed-In Tariffs and calling for further debate in the House of Commons. You can find [more information here](#).

We know from our complaint statistics dating back as far as the previous dramatic Feed-in Tariff rate cuts in 2011/2012 that creating a steep cliff face will result in panic buying and selling right up to the cut-off date. This level of increased activity is likely to have a significant impact on businesses unable to fulfil all their orders, and on consumers who risk being the victims of pressure selling and sub-standard installations.

We will be making the details of our experience over the past 4 years available to Government in our consultation response which will be published on our website shortly.

OFGEM PUBLISHES FIRST DOMESTIC RHI ANNUAL REPORT

Ofgem's annual report covers the first year of the Domestic RHI scheme from 9 April 2014 to 31 March 2015. It shows that there have been 30,695 accreditations in that period. This includes 21,617 'legacy' accreditations (people who commissioned an eligible renewable energy system between 15 July 2009 and 9 April 2014).

Some 53,200 people used the Domestic RHI payment calculator introduced by the Government in July 2014 at least once and over £16 million was paid out to accredited customers. Nearly £9 million of this was for biomass systems, over £4 million for

ground source heat pumps, over £2.5 million for air source heat pumps and over half a million for solar thermal systems.

The geographical distribution of accredited installations shows interesting variations with South West England coming out top for all technologies.

Based on a 20 year lifespan and the payments made in each month Ofgem calculates that the amount of carbon dioxide saved by the scheme by March 2015 was 1700 kTon and the amount of renewable heat generated was over 130,000 MWh.

In November 2014 the Department of Energy and Climate Change (DECC) announced a number of changes

to the scheme regulations approved by Parliament which came into force on 5 February 2015. These included:

- allowing Registered Social Landlord (RSLs) to apply without a Green Deal Assessment;
- the inclusion of some 'cooker stoves';
- the addition of high temperature heat pumps;
- and a clarification for properties comprised of multiple buildings. RSLs now account for almost 1 in 5 of all accreditations.

You can access the [full report here](#).

RECC LAUNCHES TOP TIPS VIDEO



RECC has produced an animated video for consumers who are interested in installing renewable technologies in their homes. It will help them to make a well-informed decision and avoid any problems in financing their installations. It is based on the Top Tips which appear on the RECC website. You can access the video [here](#).

It stresses the importance of choosing an MCS certified installer and encourages consumers to get three quotes and make use of the calculators provided by the Department of Energy and Climate Change and the Energy Saving Trust. It advises consumers on the amounts of deposits to pay in advance, to make sure that they understand the terms and conditions attached to any contract offered and to resist any pressurised selling. It also reminds consumers of their cancellation rights.

Biomass Domestic RHI tariff reduced

The Domestic Renewable Heat Incentive (RHI) biomass tariff has been reduced by 10% to 6.43p/kWh for all new applicants from 1 October 2015. In order to keep the cost of the Domestic RHI scheme within budget the Department of Energy and Climate Change (DECC) lowers the tariff if the overall payments for a particular quarter exceed a set threshold, a process called "degression".

DECC had already announced on 28 August that the biomass "degression trigger" for the quarter had been passed.

Tariffs for air and ground source heat pumps and solar thermal are not affected, nor are biomass systems applied for before 1 October 2015.

If the RHI payments increase by an even greater amount in any quarter the "super trigger" comes into play and tariffs will be reduced by 20%. This happened on 1 April 2015.

Ofgem publishes helpsheet on new energy directives and the Domestic RHI

In September Ofgem published a new helpsheet explaining how the new Energy-related Products Directive (ErP) and the Energy Labelling Directive (ELD) would affect the Domestic RHI scheme. Both these Directives apply to space and combination heaters including heat pumps.

The ErP sets minimum performance criteria and provides a standard methodology for comparing the efficiency of heat pumps. The ELD introduces a product label and a package label to help consumers and installers to choose the best performing heat pumps.

The product label is produced by the manufacturer based on the ErP standard test data. The package label is produced by the distributor when installing a package that contains a heat pump combined with a solar collector, hot-water storage tank or temperature controls

and is intended to show the efficiency of the whole system.

After 25 March 2016 all systems seeking MCS certification so as to be eligible for the RHI must comply with the ErP. MCS has produced a new Seasonal Co-efficient of Performance (SCOP) calculator which is aligned with the new standard methodology. This will replace the Heat Emitter Guide (HEG) which was originally used to calculate SPFs for the RHI and was based on an assumed SPF for the heat pump. Unlike the HEG the SCOP calculations are specific to the product and the selected heating flow temperature. The minimum SCOP rating to gain MCS certification will be 2.5.

The Ofgem helpsheet also includes a number of Frequently Asked Questions. It is available from the [Ofgem website](#).

Record fine for solar company cold calls

The Information Commissioner's Office (ICO) has fined Home Energy and Lifestyle Management Systems Ltd (HELMS) a record sum of £200,000 for an automated cold call marketing campaign they ran between 2 October and 12 December 2014.

Over 6 million calls were made during the campaign although fewer than 1 in 10 of these connected with subscribers and 1,750,000 were made to invalid numbers. The calls referred to 'free' solar panels and invited householders to press 5 if interested or 9 to be removed from the calling list.

The ICO received 242 complaints about the campaign. The calls did not identify the sender and the 2 options offered did not always work properly. It became clear that the calls were linked to an assessment process to establish whether the subscriber would be entitled to receive 'free' solar panels. HELMS had also failed to ask for consumers' consent prior to making the calls.

ICO considered that the way that HELMS had conducted the campaign amounted to a contravention of regulation 19 of the Privacy and Electronic Communications Regulations 2003. They criticised the company for not bothering to find out the rules applying to such a campaign and encouraged other companies to seek advice on their [website](#).

HELMS is appealing the decision.

New sustainability requirements for biomass

From 5 October 2015 all biomass applicants for the Domestic Renewable Heat Incentive (RHI) will need to be using an approved sustainable fuel in their biomass system, as shown on the Biomass Suppliers List (BSL).

These requirements also affect those with existing biomass systems receiving the RHI.

There were no mandatory sustainability criteria for biomass at the launch of the RHI in November 2011. However, the Department of Energy and Climate Change was concerned that, without criteria ensuring that the lifecycle greenhouse gas emissions of biomass were below a defined level, the RHI could:

- be subsidising unsustainable biomass that delivers little or no carbon savings; and
- sometimes be leading to even higher emissions relative to heat from fossil fuels.

To protect against this standards were then included in the Domestic RHI Regulation Amendments 2015.

You can find details of the new rules on the [Ofgem website](#).



RECC attends Solar Energy UK

UPCOMING FREE WEBINAR TRAINING

There are 3 more webinars scheduled for 2015 exploring the Consumer Rights Act 2015, completing the installation and after-sales. You can register for the individual sessions using the links below:

The Consumer Rights Act 2015 - Consumer rights and remedies in relation to services supplied by installers - Tuesday, 27 October at 9.30 a.m.

<https://attendee.gototraining.com/r/453524723958399233>

Completing the installation (storing goods, the timetable, design, installation and commissioning) - Tuesday, 24 November at 9.30 a.m.

<https://attendee.gototraining.com/r/8551017744583560450>

After sales (customer rights in law, guarantees, fuel, maintenance and disputes) - Tuesday, 15 December at 9.30 a.m.

<https://attendee.gototraining.com/r/3893330358673307906>