

Welcome to the Winter edition of the RECC Newsletter

There is a lot going on at the moment, particularly in the solar PV sector. You can find details of the Government changes to the FiT Scheme on page 2. RECC has prepared guidance for members about changes along with some Frequently Asked Questions (FAQs) for consumers. Find these on our website.

RECC is also hosting a free webinar on the FIT changes, deployment caps and tariff degression on 5 February at 9.30am. Register at: <https://attendee.gototraining.com/r/2220612538359475970>

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HMRC is proposing to remove the reduced 5% rate of VAT for energy generating systems, details on page 3. We urge that you respond to the consultation directly.

With best wishes for 2016,



Mark Cutler, Editor

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RECC JOINS FORCES WITH BRE NATIONAL SOLAR CENTRE TO LAUNCH CONSUMER GUIDE TO BATTERY STORAGE



RECC and BRE National Solar Centre (NSC) last week launched their 'Batteries and Solar Power: Guidance for domestic and small commercial consumers'.

This new guide explains the types of battery storage on the market and how they fit with existing or new solar PV systems. It explains how much electricity a typical system will store and under what circumstances and the expected lifetime.

The guide goes on to explain what happens to battery storage systems in winter, when they might need to take charge from the grid, the different ways they can be connected to a solar PV system and

whether they will work during a power cut.

Finally the guide contains a list of 20 questions which consumers should be sure to ask their battery storage installer before agreeing to the contract.

The BRE NSC was established in 2012 to provide independent evidence based information on solar energy systems and related topics. Its staff is based at Eden Project in Cornwall and BRE head office near Watford.

You can find the consumer guide here: <https://www.recc.org.uk/consumers/useful-guidance>

Hard copies are available on request from info@recc.org.uk

The BRE NSC has also published a technical guide to energy storage and solar PV available from BRE's bookshop.

REA and KPMG have published a report on battery storage which can be accessed at <http://www.r-e-a.net/resources/rea-publications>

Government's FIT changes start to bite

From 15 January the Feed-In Tariff (FIT) scheme has been officially 'paused'. The pause will last until 7 February inclusive. During this time Ofgem will not be approving any applications from electricity suppliers for registration to the FIT scheme.

On 8 February, the new tariff rate of 4.39p/kWh will come into force, strictly limited by the new 'deployment caps'. There is also a new 'default' tariff depression schedule. Export tariffs remain unchanged. Government aims to limit new spending on FIT scheme to £100 million by the end of 2018/19. Consumers pay for the FIT through their electricity bills.

Applications from consumers to their electricity suppliers during the pause will be placed in a queue in the order of the date and time of issue of the MCS certificate. These installations will be subject to the first 'deployment cap', the new

definition of 'eligibility date' and the new tariff rate. Any extensions commissioned after 15 January will not be eligible for FIT payments.

'Deployment caps' are tight quotas of installed capacity eligible for FIT payments each quarter. These quotas will work alongside the published 'default' tariff depression rates if the 'deployment cap' is reached in a given quarter (see below).

If an installation exceeds the 'deployment cap' it will not qualify for that quarter's tariff. It will be placed in a queue until the next quarter. The 'eligibility date' of an installation is the date from which the consumer is eligible to receive FIT payments. This will be the later of:

- the date the electricity supplier receives the application from the consumer, and
- the start of the 'tariff period' that the installation falls into.

2016 prices p/kWh	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Solar PV													
<10kW	4.39	4.32	4.25	4.18	4.11	4.04	3.97	3.90	3.83	3.76	3.69	3.62	3.55

Default tariff depression in the absence of contingent depression and RPI changes

		2016				2017				2018				2019
Maximum Deployment (MW)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PV	<10kW	48.4	49.6	50.6	51.7	52.8	53.8	54.2	55.9	57.0	58.0	59.1	60.1	61.1

		2016				2017				2018				2019
Estimated number of installations ¹⁴		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PV	<10kW	15330	15710	16050	16380	16720	17060	17170	17720	18060	18390	18710	19040	19360

Maximum deployment caps per quarter

This bottom table shows an estimate of the number of installations that could be eligible under each cap.

	Installation description	Counted towards caps	Subject to new tariffs
<50kW solar PV and wind	Installation commissioned and MCS certificate issued on or after 15 January 2016; application for FITs received by FITs licensee on or after 15 January 2016	Yes	Yes
	Installation commissioned and MCS certificate issued before 15 January 2016; application for FITs received by FITs licensee on or after 15 January 2016	No	Yes ¹⁵
	Installation commissioned and MCS certificate issued before 15 January 2016; application for FITs received by FITs licensee before 15 January 2016	No	No

Scenarios for transitional installations

DECC's full consultation response can be found at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/487300/FITs_Review_Govt_response_Final.pdf

Ofgem guidance on administering the FiTs Pause can be found at: https://www.ofgem.gov.uk/sites/default/files/docs/guidance_on_pausing_the_fits_scheme_180116.pdf

HIGHER VAT FOR RENEWABLES PROPOSED

HMRC is proposing an increased VAT rate for 'energy saving materials'. It follows a European Court ruling which said that the UK's use of a reduced VAT rate of 5% for these materials was not consistent with EU law. The Court argued that the UK was applying the reduced VAT rate to too wide a proportion of the population and to some energy saving materials that were not strictly eligible.

To comply with this ruling HMRC is proposing that, in future, consumers would have to pay 20% VAT for 'energy saving materials' subject to a range of exemptions explained in more detail below. If agreed the change will come into force on 1 August 2016.

HMRC is proposing that:

- Solar panels (PV and thermal), hydro and wind turbines will be excluded completely from the list of 'eligible goods' and all these contracts will all be subject to the higher 20% VAT rate in future.
- Biomass boilers, heat pumps, insulation, central heating, and micro CHP will still be eligible for the reduced 5% VAT rate, but only where the cost of the materials is less than 50% of the total cost (ex VAT).
- Where the cost of materials exceeds the cost of labour,

the installation portion of a contract will be subject to the reduced 5% VAT rate while the materials will be subject to the higher rate.

- Consumers with a demonstrable 'social need' (defined as being in receipt of certain benefits) will be eligible for the reduced 5% VAT rate.

RECC considers that placing the burden on installers for determining 'social need' is unreasonable, and that the outcome is likely to be arbitrary. We will propose that all domestic consumers continue to be eligible for the lower 5% VAT rate, and that heat and power technologies be included in the list of 'eligible goods'.

The consultation closes on 3 February. We urge members to respond directly including any evidence of the way the proposals are likely to affect your business. You can find the consultation here: <https://www.gov.uk/government/consultations/vat-changes-to-the-reduced-rate-of-vat-for-the-installation-of-energy-saving-materials>

TRENDS IN FEED-IN TARIFF DEPLOYMENT

Total installed capacity and the number of installations both increased by 27% in the year from the end of November 2014. At the end of November 2015 total FiT deployment was 4,343 MW (805,678 installations). Photovoltaics (PV) accounted for 99.7% of the increase in installations and 85% of the growth in capacity while wind contributed 10% to capacity growth. The largest growth since November 2014 was seen in PV (up 28% to 3,614 MW) and wind (up 24% to 475 MW).

PV installations increased rapidly at the start of the FiT tariff scheme but that increase slowed after August 2012 when tariff rates were reduced. At the end of November 2015 PV installations made up 83% of the total installed capacity and 99% of the total number of installations (796,871). Of these 81% (2,920 MW) were below 50 kW.

Wind was the next largest technology accounting for 11% of installed capacity (475 MW) but only 1 % of installations (7,190).

The Energy Technology List Call for Evidence

The Energy Technology List encourages private and public sector organisations to become more energy efficient by giving them tax reductions for some renewable technologies. This Call for Evidence is to help DECC ensure that the ETL continues to deliver its energy efficiency policy ambitions effectively. Find the full details at: <https://www.gov.uk/government/consultations/the-energy-technology-list-call-for-evidence>

SUSSEX CONMAN JAILED FOR SIX YEARS

Sacha Dixey, 38, of Bognor Regis robbed his victims of thousands of pounds. He agreed to install eco-friendly heating systems for £14,000 to £17,000 and took deposits of around £3,500. But he never returned to do the work and refused to refund any deposits. Many of his customers were old and vulnerable and some lost all their life savings.

Dixey also told his victims that they would be entitled to huge payments and Government grants which he knew they would not receive because he did not have the correct registration.

Nearly 100 people complained

to West Sussex County Council Trading Standards about his behaviour and he was put on bail while they carried out an investigation. Even then he continued to operate a fraudulent business and recontacted some of his original victims.

In addition to his 6 year prison sentence Dixey was banned from being a company director for 10 years.

David Barling of West Sussex County Council said: "We hope this sends out a clear message to other heartless conmen who are carrying out scams on the public that they will be caught and be given heavy sentences".

GOVERNMENT ACTION ON NUISANCE CALLS

Direct marketing companies will soon have to display their telephone numbers. This is the latest Government proposal designed to tackle the growing problem of nuisance calls which can cause such distress and anxiety and lead to people falling foul of scammers.

Research has shown that around one in five automated direct marketing calls reported to the Information Commissioner's Office (ICO) as a nuisance call did not provide valid caller ID. If the companies have to display their telephone numbers it will make it easier for consumers to refuse and report unwanted calls and for the ICO to investigate and take enforcement action against companies that flout the rules.

Companies can be fined up to £500,000 depending on the type of calls and the severity of the case. The consultation closes on 23 February 2016. Any changes will come into force in the Spring.

The consultation can be found at: <https://www.gov.uk/government/consultations/requiring-direct-marketing-callers-to-provide-calling-line-identification>

MCS 12 (standard for roof-fixing for in-roof and on-roof solar systems) will become mandatory for solar PV from 2 May 2016. It will remain voluntary for solar thermal.