

Welcome to the spring edition of the RECC Newsletter

It has been another busy three months since our last edition with plenty to report. The hike in VAT for solar, wind and hydro looked like a forgone conclusion until a last minute u-turn amid mounting political pressure.

There have also been changes to the RHI with further developments anticipated, for example, the proposal to remove RHI eligibility for solar thermal.

As usual this edition also brings you up-to-date with other recent news and developments.

If you are planning to attend Installer 2016 in Coventry next month do drop by and pay us a visit at stand G50.

Mark Cutler, Editor

Government unlikely to proceed with solar VAT hike



There are increasing signs that Government will not proceed with proposed increases in VAT for renewable energy systems.

Chancellor George Osborne agreed with opposition parties and rebel Tory MPs that the Finance Bill should be amended to give the Treasury the power to overturn the EU's VAT rules and avert thousands of industry job losses.

The issue dates back to 2012 when the European Commission first challenged the UK's application of the 5% rate for energy-saving materials under the VAT Directive.

In June 2015 the European Court of Justice ruled that the UK's reduced rate for some renewable energy technologies was illegal. HMRC consulted in December 2015 proposing that VAT on these should increase to 20% from 1 August 2016.

Three technologies (solar, wind and hydro) were singled out for complete removal from the reduced rate. Other technologies would remain eligible in cases of 'social need'.

The Government response was expected in the 16 March Budget but this item was removed at the last minute from the Chancellor's speech.

The European Commission then published a VAT Action Plan on 7 April proposing to allow more flexibility for Member States to determine VAT rates.

Industry groups have been pressing for official confirmation that the increase will now not go ahead. Treasury Minister David Gauke reiterated recently that the proposal to raise the VAT rate on solar was now 'off the table'.

IN THIS ISSUE

- 1 Government unlikely to proceed with solar VAT hike
- 2 RECC responds to RHI Consultation
- 2 MCS consults on skills & competence
- 2 Latest FIT deployment figures
- 3 RECC battery storage guidance for installers launched
- 3 NIC publishes action plan on energy security
- 3 Mayor of London's boiler cashback scheme
- 4 Solar Repair Agreement
- 4 DECC announces Capacity Market changes
- 4 Which? Trusted Trader discount for RECC members
- 4 Installer 2016

RECC responds to RHI Consultation



Government is proposing to reform and refocus its support under the domestic and non-domestic Renewable Heat Incentive (RHI).

On the domestic side, in summary, Government is proposing to increase support for heat pumps, to freeze support for biomass boilers and to withdraw support for new solar thermal systems from 2017.

Some changes took effect from April 2016. They included:

- budget cap introduced with a backstop based on the annual budgets assigned to the RHI;

- degression triggers extended from the final trigger points set out in regulations across all technologies;
- future annual tariff inflation adjustments switched from the RPI to the CPI index;
- requirement for a Green Deal Assessment removed;
- new self-build properties exempted from the 183 days occupancy declaration;
- Ofgem permitted to request new EPC and amend RHI payments accordingly in case of error in original EPC;
- requirements for equivalent schemes to the Microgeneration Certification Scheme (MCS) amended.
- homes with annual heat demand above a 'heat demand limit' (whether deemed or metered) would be eligible for the RHI, but their payments would be capped;
- householders would be permitted to assign their RHI payments to a third party, likely to be a finance provider;
- heat pump tariffs would be increased to stimulate demand and increase deployment: (AWHP tariff to a range of 7.42-10.0p/kWh and GSHP tariff to a maximum of 19.51p/kWh);
- support for further solar thermal deployment would be removed;
- shared ground loops for GSHP systems would be permitted for domestic consumers.

You can find REA's analysis of the proposals, including non-domestic, [here](#).

RECC's response to the consultation is available on the [RECC website](#).

Other proposals will take effect from Spring 2017. They are still subject to confirmation following the consultation:

MCS consults on skills & competence

The Microgeneration Certification Scheme (MCS) has published a consultation on the Scheme Criteria and the Defined Scope Routes.

Before the introduction of the MCS criteria in December 2013 a variety of approaches to demonstrating competence had been put forward which were open to varying interpretations and inconsistent application.

MCS has now drawn up a revised list of criteria which it hopes will be easier for companies to understand and work towards.

In order to improve access to the scheme MCS has also introduced the concept of "Defined Scope" to help companies wishing to register. This aims to restrict the competences under each heading to those strictly required, thus reducing bureaucracy and the risk of unnecessary duplication.

Comments are invited on the introduction of Defined Scope Routes and the suggested headings and relevant criteria. The consultation ends at 5pm on Monday 2 May. Access it [here](#).

Latest FIT deployment figures

Quarter 1 (8 February to 31 March)

Band	Cap limit	Capacity deployed	Cap reached?
PV <10kW	48.400	21.031	No
PV 10-50kW	16.500	7.778	No
PV >50kW	14.100	16.854	Yes
PV Standalone	5.000	14.419	Yes
Wind <50kW	5.600	0.023	No
Hvdro 0-100kW	1.100	1.136	Yes

Quarter 2 (1 April to 30 June)*

Band	Cap limit	Capacity deployed	Cap reached?
PV <10kW	76.969	4.338	No
PV 10-50kW	25.722	1.593	No
PV >50kW	14.500	7.257	No
PV Standalone	5.000	12.839	Yes
Wind <50kW	11.177	-	No
Hydro 0-100kW	1.100	0.135	No

*Figures accurate as of 19 April

Ofgem has published its quarter 2 update on deployment in relation to the Feed in Tariff (FIT) caps. In quarter 1 the >50kW and standalone solar PV bands were exceeded, as was small hydro. The exceeded amounts are deducted from the quarter 2 bands.

So far in quarter 2 the solar PV standalone cap has already been met and we are halfway to the solar PV >50kW commercial cap, despite being only three weeks into quarter 2. The domestic and small commercial bands, with higher cap limits, continue to deploy in relatively low volumes. Access the Ofgem deployment reports [here](#).

RECC battery storage guidance for installers launched

There is growing interest in the role that battery storage can play in enhancing the performance of solar PV systems by capturing surplus electricity generated, allowing consumers to store solar electricity for use later in the day.

The new Storage section of the RECC website sets out the work RECC has been doing with the National Solar Centre and others to draw up guidance for installers and for consumers. You can use this section of the [website](#) to find useful factual information about how battery storage can work alongside a solar PV system, whether retro-fitted to an existing installation or fitted as part of a new installation.

NIC publishes action plan on energy security



The National Infrastructure Commission (NIC) has published its report '[Smart Power](#)' which looks at what action needs to be taken now to secure the UK's future energy supplies.

The three main recommendations involve interconnectors, storage and demand flexibility. If all three are implemented, NIC says that consumers could save up to £8bn a year by 2030 and the UK could meet its 2050 target of an 80% reduction in carbon emissions and ensure supplies for future generations.

NIC believes that the UK should be connecting more with its European neighbours, especially countries like Norway and Iceland that have cheap green energy supplies.

Storage technology, that allows consumers to take energy from the grid to use when needed, is developing fast. NIC wants the UK to lead the way through better regulation that creates a level playing field between generation and storage.

New hi-tech systems are being introduced to allow consumers to choose when and how to use power and to cut costs and emissions. NIC want Government to take the lead on encouraging more flexibility by using these systems on its own estate.

NIC also concludes that to maximize the benefits of a more flexible market there will need to be more active management of local electricity networks; a national system operator capable of dealing with an increasingly complex system; and a strategic approach to upgrading our network.

RECC's parent company, the Renewable Energy Association, engaged with the Commission early in the report's process to highlight the benefits of storage.

MAYOR OF LONDON'S BOILER CASHBACK SCHEME

In February the Mayor of London launched a scheme offering homeowners and private landlords £400 cashback to replace an inefficient boiler. The aim of the scheme, which is run on a first come first served basis, is to help cut energy bills and carbon emissions and to improve the capital's air quality.

The scheme claims it could save 20% of the energy used for heating in London and cut an average household bill by £340. The energy saved could amount to 7.640 kWh – the energy needed to power a fridge freezer for 17 years.

All gas, LPG, oil or solid fuel boilers that are 70% or less efficient are eligible. They will typically be those that are G rated,



have a permanent pilot light, are gas-fired and over 15 years old or oil-fired and over 25 years old. Electric boilers or heaters are not eligible.

Applicants need to check their boiler's efficiency. They can do so through a database available at www.ncm-pcdb.org.uk before applying and getting quotes from a Gas Safe registered installer, a Microgeneration Certification Scheme installer or a member of a competent persons scheme such as OFTEC or HETAS. If successful the applicant will receive a £400 cashback voucher which is valid for 12 weeks.

The replacement boiler must be an A rated gas or condensing oil boiler that is at least 90% efficient or a renewable/low carbon heating technology.

SOLAR REPAIR AGREEMENT

The Solar Trade Association (STA) has published a simple Solar Repair Agreement which member companies can sign with their customers when repairing or maintaining solar panels installed by another company.

Customers should, of course, always approach their original installer if things go wrong or wear out but, because of the long lifetime of some solar systems, that company may no longer be in existence. Other companies may suspect that there may have been a bad quality install and be reluctant to take on responsibility for the repair work needed. This new agreement is designed to make sure that the industry has a proper system for maintenance and repairs in such circumstances and the STA hopes that it will lead to greater confidence in the maintenance and repair market.

The agreement can be downloaded for free from the [STA website](#).

DECC ANNOUNCES CAPACITY MARKET CHANGES

The overwhelming conclusion of DECC's **consultation on the Capacity Market** is that the UK needs to start building new capacity now, especially gas, to guarantee our energy security in the 2020s.

It received 44 responses from energy suppliers, generators, consultants, interconnectors, renewables companies, environmental groups, UK trade associations and others.

DECC has announced:

- the moving forward of the first full delivery year to 2017-18;
- a number of other smaller changes including the new Financial Close milestone requirements (16 months after the auction close);

- possible restrictions on air pollutant emissions from diesel generators;
- a commitment to re-examine the embedded benefits for diesel generators which are seen as giving them an 'unfair advantage' in the auction.

DECC published a second consultation on further reform of the Capacity Market including revised auction dates and other changes. DECC was seeking responses to 24 questions about further possible changes to the Capacity Market.

The consultation closed on 1 April, a response is expected shortly.



Which? Trusted Trader discount for RECC members

RECC has teamed up with Which? Trusted Trader to bring its members an exclusive offer of 25% off Which?'s endorsement scheme until 2020.

Which? is known for testing things from toasters to broadband providers - and they assess traders too. When consumers want a local trader, they often turn to Which? Trusted Traders as they know the scheme only endorses traders who have passed its assessment. For full details please visit the [members' area](#) of the RECC website.



INSTALLER

2016

RECC is exhibiting at Installer 2016, taking place at the Ricoh Arena, Coventry, 10-12 May 2016. Come and visit us at **stand G50**.

The event gives you the opportunity to:

- Get face-to-face with manufacturers
- Discover what's new
- Get hands-on with the latest products and services
- Have your questions answered by experts
- Find out how you can save time and money

Find out more and register [here](#).