

## Welcome to the summer edition of the RECC Newsletter

Since the EU referendum result last month industry has been trying to assess the implications for renewables. While Brexit has done nothing to alleviate uncertainty in the sector there have been some positives to note in recent days. The UK has agreed the Fifth Carbon Budget and some commentators think the cabinet reshuffle and merger of DECC with BIS could be good news for renewable energy policy. Read more on this below.

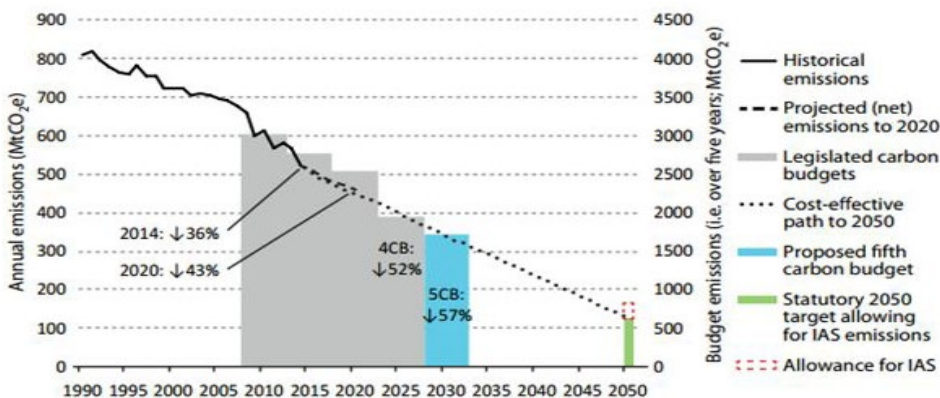
In this issue we also update you with deployment figures for the RHI and FIT schemes.

On page 3 you can find information on the 2017 business rates revaluation which could impact the viability of commercial projects in the future.

Best wishes for the summer.

**Mark Cutler, Editor**

## UK AGREES FIFTH CARBON BUDGET



Government has accepted the Fifth Carbon Budget. Following the Committee on Climate Change's recommendations, it set a target for the UK's emissions between 2028 and 2032 to be 57% below 1990 levels. This decision is fundamental for setting the framework for long-term climate policy.

The announcement came less than a week after the EU referendum and has introduced some much-needed certainty for the low carbon economy. It sends a signal that the UK intends to stay on track in meeting its long-term climate change targets, in or out of the EU. It remains one of the most ambitious targets in the world. A plan is now needed to deliver the Budget (more on page 3).

This stance seemed to be confirmed on 12 July during an Opposition Day debate on energy and environment policy

following the referendum, with responses from the (then) Secretary of State for Energy and Minister for the Environment. The (then) Government confirmed its commitment to current renewable policies and targets.

The following day Theresa May was sworn in as new leader of the Conservatives and Prime Minister. Other prominent Cabinet posts include:

- o Greg Clarke is the new Secretary of State for Business, Energy and Industrial Strategy (DECC & BIS merge as BEIS);
- o Andrea Leadsom is the Secretary of State for Environment, Food & Rural Affairs;
- o David Davies takes up the newly-formed position of Secretary of State for Exiting the European Union, leading the Cabinet Office "negotiating team".

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Read more on the closure of DECC, the newly formed BEIS and the new ministerial team on page 2 below.

# New BEIS department and ministerial team announced



Greg Clark MP for Tunbridge Wells

Last week Government confirmed that BIS and DECC would merge into a new Department for Business, Energy and Industrial Strategy (BEIS). Its functions, which include representing the UK at international climate talks, responsibility for meeting carbon targets and levying subsidies for green energy, have been transferred to a beefed-up business department. This week the new ministerial team was confirmed:

- Greg Clark - Secretary of state for Business, Energy and Industrial Strategy

- Nick Hurd - Business, Energy and Industrial Strategy Minister, with responsibility for climate change
- Baroness Neville-Rolfe - Business, Energy and Industrial Strategy Minister
- Margot James - Business, Energy and Industrial Strategy Minister
- Jo Johnson - Universities and Science Minister (jointly with Department for Education)
- Lord Price - Trade and Investment Minister (jointly with Foreign & Commonwealth Office)

James Court, Head of Policy and External Affairs for the REA said:

“We are delighted Greg Clark has been appointed the new Secretary of State for Business, Energy and Industrial Strategy. He previously showed real vision as the Shadow Energy Secretary and we look forward to working with him once again in order to get things moving on the deployment of new renewable energy infrastructure.”

## RHI scheme in Northern Ireland overspent by millions

The Audit Office has discovered serious systematic failings in the administration of the Renewable Heat Incentive scheme in Northern Ireland which have led to an overspend of millions of pounds.

The scheme, launched by the Department of Enterprise, Trade and Investment Minister Arlene Foster in November 2012, was designed to encourage homeowners and businesses to use biomass heating systems, mostly burning wood pellets. Unfortunately some applications were fraudulent including one to heat an empty shed at a cost of £1m over 20 years and another to heat factories which had previously not been heated all year round at a cost of £1.5m over 20 years. There was no upper limit on the amount of energy that would be paid for.

Some £25m was originally allocated to the scheme for 2011-2015 but the total cost of the scheme is now more than £1bn over 20 years. The scheme was officially closed at the end of February 2016 and the current Minister Simon Hamilton has said that external consultants have been appointed to conduct inspections to ensure that installations “meet the spirit and letter of the scheme”.

He also said: “Lessons must be learned for the future to ensure that this type of situation never arises again”.

## RHI UPDATES

### EPC FACTSHEET PUBLISHED

Ofgem has published Domestic Renewable Heat Incentive (RHI) FAQs around Energy Performance Certificates (EPCs) that you can signpost your customers towards.

Access Ofgem's [EPC factsheet here](#).

### ERP REQUIREMENTS

Last September, the Ecodesign of Energy-related Products (ErP) Directive came into force. Any heat pump commissioned on or after 26 March 2016 must meet the requirements of ErP or it won't be eligible for the Domestic RHI Product Eligibility List (PEL). Heat pumps commissioned before 26 March 2016 that aren't ErP-compliant may still be eligible for the scheme, but applications must be submitted within 12 months of the commissioning date on the MCS installation certificate.

Access Ofgem's [ErP factsheet here](#).

### DECC CONSULTATION

We are still awaiting the outcome of the consultation reforming and refocusing both RHI schemes. BEIS' response is expected to be published after the summer.

# Ground Heat Installations Ltd wins BREA Installer Award



On 16 June the eleventh British Renewable Energy Awards ceremony, celebrated individuals, organisations, and products that have advanced the progress of renewable energy in the UK during the year.

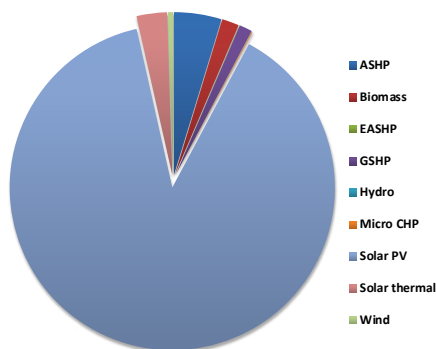
Congratulations to Ground Heat Installations Ltd on winning the Installer Award, sponsored by RECC. The judges were impressed with their innovative designs such as ground source incorporating solar PV, solar thermal and aeolian technology.

H2ecO Ltd. were also 'highly commended' by the judging panel.

RECC nominated a number of members for the award based on positive consumer feedback from its [consumer surveys](#). Other nominees included Class Energy, GeoGen Technologies Ltd. and Steve Duckworth Electrical Ltd.

## Number of MCS installations close to 1 million

The number of MCS installations has nearly reached 1 million with almost 9 out of 10 being solar PV systems. There have been some 50,000 air source heat pumps, over 16,500 biomass installations and over 12,500 ground or water source heat pumps. There are currently some 2,682 MCS contractors.



## Domestic RHI reaches 50,000 milestone

Ofgem has accredited the 50,000th installation under the Domestic RHI scheme. The milestone brings the total renewable heat generated by all accredited installations to 827,000MwH. It is estimated that the scheme will save approximately 3.4 million tonnes of carbon dioxide over the 20-year lifespan of its accredited technologies.

## STRONGER POLICIES NEEDED TO ENSURE UK CAN MEET CARBON BUDGETS



The 2016 annual progress report of the Committee on Climate Change (CCC) sets out 15 new policies and 13 areas where stronger action is needed if the UK is to meet its Fifth Carbon Budget (covering 2028-2032) and its 2050 emission reduction target of 80% below 1990 levels (see page 1).

While emissions have fallen by 13% in the last three years compared with 1990 levels this is largely the result of the reduced use of coal and the increased generation of electricity from renewables. Other sectors have lagged behind because of the slow uptake of low-carbon technologies.

The report highlights the building sector as having

particular problems following dramatic falls in insulation of cavity walls (60%) and lofts (90%). The CCC will publish a detailed assessment of options for speeding up progress in the buildings sector later this year.

Transport is doing somewhat better although improvements in vehicle efficiency have been offset by the increase in travel. There has been little progress in the industrial and agriculture sectors.

The report also calls for a strategic approach to the development of carbon capture and storage, more competitive auctions to support mature electricity generation including onshore wind and solar, and greater concentration on different ways to promote innovation.



# 2017 BUSINESS RATES REVALUATION

The Rateable Values (RVs) for Business Rates are currently undergoing a revaluation by the Valuations Office Agency (VOA) in order to be implemented in 2017. This will replace the current 2010 rateable 'list'. These proposals could see very significant increases in Business Rates for commercial renewable projects, increasing operational costs. This is especially true for projects built in or before 2012 and for commercial roof mounted solar.

RECC's parent company, Renewable Energy Association (REA), put together a briefing about this issue which we are able to share with you and is available for [download here](#).

Discussions with the VOA about setting the 2017 RVs for different technologies are ongoing. They have already set out their draft proposals for some technologies, while for others there remains little clarity. The REA is currently lobbying to get the best possible outcome for all clean technologies.

## RECC webinars on storage for solar PV in the home

If you missed our recent webinars around storage for solar PV in the home access the recordings in the [members' area](#) of the RECC website.

The webinar will:

- update you on the background to recent developments;
- update you with guidance from RECC that is available to help you and your customers if you are already in, or are considering getting into the market; and
- highlight other guidance available or in the pipeline that could assist you.

## MCS News

### Technical working groups

MCS is looking for people who would like to become members of technical working groups working on biomass, roofing, solar PV and solar thermal. If you are interested please contact [mcsmeetings@gemserv.com](mailto:mcsmeetings@gemserv.com).

### New governance arrangements for MCS

The Charity Commissioners has approved the Microgeneration Certification Scheme (MCS) Charitable Foundation's application for charitable status and the charity will take full ownership of its legal body MCSSCo Ltd.

A new Board of Trustees will shortly put in place future governance arrangements. MCSSCo will operate the certification scheme overseen by the charity which will focus on spending any surplus income MCS receives for the public benefit. A new Stakeholder Advisory Group will be set up to support the Board and the MCS Steering Group will be disbanded.

## Q1 & Q2 FIT deployment figures

Ofgem has published its Quarter 2 Feed in Tariff (FIT) deployment figures. The >50kW and standalone PV bands were exceeded in both quarters (outlined in red), as was hydro in Quarter 1. The exceeded amounts are deducted from the next band in the following quarter.

Band	Q1 (8 Feb - 31 Mar)		Q2 (1 Apr - 31 Jun)	
	Cap limit	Capacity deployed	Cap limit	Capacity deployed
PV <10kW	48,400	21,031	76,969	26,679
PV 10-50kW	16,500	7,778	25,722	10,348
PV >50kW	14,100	16,854	14,500	17,697
PV Standalone	5,000	14,419	5,000	13,533
Wind <50kW	5,600	23	11,177	5
Hydro 0-100kW	1,100	1,136	1,100	827

The domestic and small commercial bands, with higher cap limits, continue to deploy in relatively low volumes. Access the Ofgem [deployment reports here](#).

**RECC IS EXHIBITING AT CLEAN ENERGY LIVE ON 4-6 OCTOBER AT THE NEC IN BIRMINGHAM.**

**[REGISTER TO ATTEND THE EVENT FOR FREE.](#)**



### Useful FAQs

MCS has published a useful list of [Frequently Asked Questions](#) on its website. They provide information on finance and incentives through to registering jobs on the MCS Installation Database. There are also FAQs for consumers.