

FITs Comprehensive Review Phase I – Contents

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FITs Comprehensive Review Phase I – key facts and figures

What is the issue?

- Nearly **three times** as much solar PV as originally projected has been registered for FITs – **260MW** by September in **over 75,000 separate installations**.
- There may be an **additional 87MW of smaller (≤ 50 kW) PV** and **100MW of larger scale (>50 kW) PV in the pipeline**, installed or applying for accreditation but not yet registered.
- Initial projections were for **94MW** of installed capacity to date, and **137MW in the entire first two** years of the scheme.
- There were **over 16,000 new solar PV installations in September** alone – nearly **double the number installed in June** and a **19% increase on August** figures.
- If installations continue at this rate, **total PV capacity could reach 900MW** by April 2012.
- If we did nothing, by 2014-15 FITs for solar PV would be **costing consumers around £1bn per year**, adding around **£26** (2010 prices, undiscounted) to **annual domestic electricity bills in 2020**.
- The **entire FITs budget** for the four year spending review period would therefore be **committed by installations up to and including 2012-13**, potentially requiring the scheme to be closed.
- The higher than projected deployment has been driven by a **fall of at least 30% in PV costs** (and we are aware of reports of even higher reductions in PV module prices, of up to 70% since 2008) and an **increase of 13% in retail electricity prices** since the scheme launched.
- For example, a 2.6kW domestic PV installation would have cost around **£13,000** when the FITs scheme started in 2010. Today, it would cost around **£9,000**. In the same period, the value of **potential bill savings** has increased from **£140p/a to £170p/a**.
- These changes have led to at least a **doubling in the rate of return** to investors from the original target of 5% to around 10% now, and in some cases more.
- Solar PV accounts for over **97% of installations** and **83% of capacity** under FITs. At the moment, PV therefore consumes the vast majority of the money available for FITs.

- Small scale ($\leq 4\text{kW}$) PV accounts for **98% of PV installations** and 80% of capacity (204MW).

What are we doing about it?

- To control spending, we have no option but to propose revising tariffs for most solar PV to bring the expected rate of return back to around 5%. We are proposing:
 - To reduce solar PV tariffs from 1 April 2012, with the lower tariffs applying to all new solar PV installations with an eligibility date on or after 12 December. For domestic PV, this would mean a reduced tariff from **43.3p/kWh to 21.0p/kWh** with similar cuts for larger installations.
 - Strengthening the **link between FITs and energy efficiency** from April 2012, with properties that do not meet minimum energy efficiency levels receiving FITs at a lower rate (9p/kWh).
 - Introducing a new, **multi-installation tariff rate** from April 2012 to reflect the lower costs for aggregated schemes e.g. rent-a-roof.
- Our proposals will restrict solar PV FITs costs to £250m-£280m (nominal, undiscounted) in 2014-15, and will **save consumers around £23** (2010 prices, undiscounted) **on their annual energy bills** in 2020 compared to not taking action.
- Under the proposed new tariffs, a well sited 2.6kW domestic PV installation costing around £9,000, could result in **FIT payments (generation tariff plus export tariff)** of around **£500 p/a, and total FITs revenue of £690 p/a** (nominal, undiscounted) once bill savings are taken into account.
- This combined with estimated electricity bill savings of around £190 p/a will result in a return of around **4.5%**. In a world of **record low interest rates**, this remains a competitive investment opportunity for households.

Proposed new tariffs for solar PV

Band (kW)	Current generation tariff (p/kWh)	Proposed standard generation tariff (p/kWh)	Proposed multi-installation rate (p/kWh)
$\leq 4\text{kW}$ (new build)	37.8	21.0	16.8
$\leq 4\text{kW}$ (retrofit)	43.3	21.0	16.8
$> 4\text{-}10\text{kW}$	37.8	16.8	13.4
$> 10\text{-}50\text{ kW}$	32.9	15.2	12.2
$> 50\text{-}100\text{kW}$	19.0	12.9	10.3
$> 100\text{-}150\text{ kW}$	19.0	12.9	10.3
$> 150\text{-}250\text{ kW}$	15.0	12.9	10.3
$> 250\text{ kW-}5\text{MW}$	8.5	8.5*	8.5*
stand alone	8.5	8.5*	8.5*

** Note that these are the current tariffs which, like all other current tariffs, will be adjusted in line with the Retail Price Index from 1 April 2012.*

Supporting information

Worked example of costs for a typical domestic installation of 2.6 kWp

Installed in:	2010	Now (current tariffs)	April 2012 (new tariffs)
Cost to install	£13,000	£9,300	£8,800
FIT payments (generation tariff plus export tariff)	£950 per year	£990 per year	£500 per year
Electricity bill savings	£140 per year	£170 per year	£190 per year
Payback period	19 years	10 years	22 years
Real Rate of return on investment	5.3%	9.7%	4.45%

Solar PV installations to date

Tariff	Cumulative		Added in September		Pipeline capacity (kW) ¹
	Capacity (kW)	Installations	Capacity (kW)	Installations	
<=4kW (new build)	1,404	901	257	210	68,603
<=4kW (retrofit)	202,585	72,850	44,555	15,237	
>4-10kW	7,636	1,146	1,521	232	6,452
>10-100kW	8,189	339	2,080	68	(>10-50kW) 12,098
>100kW-5MW	5,156	19	2,893	11	(>50kW-5MW) c.100,000
Stand alone	30,750	217	29,165	63	
Total²	263,990	78,411	80,531	15,856	187,153

¹ Pipeline data comprises installations on the MCS database but not yet on Ofgem's Central FIT register, plus information from Ofgem on around 250 larger scale installations (>50 kW) that are currently in the ROO-FIT accreditation process; note that these accreditation applications are being considered and it may be that not all of this capacity will realise FIT support.

² The total is greater than the sum for individual tariff bands because installations transferred from the RO are not included within individual tariff bands.

Costs to consumers

Nominal, undiscounted	2011-12 (£m)	2012-13 (£m)	2013-14 (£m)	2014-15 (£m)
FITs Budget (Levy Control Framework)	95	196	328	446
Projected costs of FITs scheme (no changes)	130	430	720	1,050
Projected costs of FITs scheme (new tariffs)	120	260	290 - 310	320 - 350

Lines to take: FITs Solar PV Consultation

General

- We want to protect the Feed-in Tariffs (FITs) scheme for homes, small businesses and communities and want sustained growth in the solar industry.
- We want to secure continued success of FITs through sustainable growth rather than boom and bust.
- We propose to achieve this by rebalancing the tariffs on the basis of evidence of reduced costs, to ensure that the FITs budget is not exceeded while giving all consumers the opportunity to benefit.
- Failing to act now would result in the **entire FITs budget** for the four year spending review period being **committed by installations up to and including 2012-13**, requiring the scheme to be closed.

Consultation proposals

- We are therefore consulting on the proposed introduction of new tariffs for solar PV installations with a total installed capacity of 250 kW or less.
- The new tariffs are based on new evidence of falling PV costs and are designed to provide a reasonable return on investment.
- We are proposing that the new solar PV tariffs are implemented from 1 April 2012 but will apply to all PV installations with an eligibility date on or after 12 December 2011. Installations with an earlier eligibility date will not be affected.
- For small solar PV (with a declared net capacity of 50 kW or less) the eligibility date is the date on which a valid application, including a valid MCS certificate, is received by the FIT Licensee, normally their electricity supplier.
- It is therefore essential that consumers ensure a their application is sent to their FIT licensee via special delivery
- This consultation also includes proposals to introduce two other changes from 1 April 2012:-
 - (i) A new energy efficiency requirement for FITs eligibility for solar PV; and
 - (ii) a new multi-installation tariff rate that would apply to solar PV installations that are part of aggregated schemes e.g. so called “rent a roof” and “free solar” schemes.

Consultation information

- This consultation will run from the 31 October until 23 December 2011.
- This is the first of two consultation on the main comprehensive review that was launched by the Secretary of State in February this year.
- A second consultation will be published around the end of the year and will include proposals for new tariffs for non-PV technologies, new cost control mechanisms and consider the administrative aspects of the scheme.
- The second consultation will also provide more detail on whether more could be done to enable genuine community projects to achieve real benefits from FITs. In the meantime, we would welcome any views on this and whether, for example, a definition of community scheme is required and if so how this should be defined.
- Further information on FITs and what the consultation could mean for you is available on the Energy Saving Trust website (www.energysavingtrust.org.uk/FITsreview) and the DECC FITs website (www.decc.gov.uk/FITs)

Consumer Protection

- The MCS certification allows authorised installers to be easily identified, and customers will be protected by warranties covering against installation failure and poor workmanship.
- All MCS installers are required to belong to a redress scheme (REAL). This means that consumers can trust the advice they are given and are protected should something go wrong.
- These measures should give consumers the confidence they need to take up Microgeneration technology.

Q & A: FITs Solar PV Consultation

General – consultation on solar PV

What are the objectives of the consultation on FITs for solar PV?

- We want to hear your views on the proposed new tariffs for all solar PV installations with a total installed capacity of 250 kW or less, and the proposed approach to implementing these. The tariffs are intended to be introduced from 1 April 2012 and apply to all installations with an eligibility date of on or after 12 December 2011.
- We are also consulting on the best ways of ensuring that solar PV is considered as part of a whole building approach which prioritises energy efficiency, by linking tariffs to specified minimum energy efficiency requirements. We are proposing introducing such a requirement from 1 April 2012.
- We are also consulting on the introduction of a new multi-installation tariff rate from 1 April 2012. This lower rate would apply to PV installed by companies or individuals who own and/or receive FIT payments for more than one PV installation.

How long will the consultation be and what will happen after?

- It is an 8 week consultation which will conclude on 23 December 2011 .
- This will be followed by consideration of responses to consultation, and any changes will be subjected to Parliamentary scrutiny.
- Proposed changes to the tariffs will come into effect on 1 April 2012. All solar PV installations with an eligibility date on or after 12 December 2011 will receive the current higher tariffs until 1 April 2011 when their FIT support will reduce to the new 1 April 2012 tariff levels.
- There will be a separate consultation on all other aspects of the FITs scheme. This will be released around the end of the year and will include proposals for new tariffs for non-PV technologies, new cost control mechanisms and consider the administrative aspects of the scheme

How much overrun do you expect in the FITs budget? Will something else have to be cut to make up for this?

- It is hard to predict exactly but we expect installations to date to absorb £200m of next year's FIT budget. In future years, this cost would rise in line with inflation and would be weather-dependent (e.g. in a particularly sunny year, the costs would rise as installations generate more electricity. We can only avoid an absolute overspend because some other schemes have spent more slowly than

predicted. This is why we need to put FITS on an affordable path where it can live within its own budget.

This scheme is a rip-off for the bill-payer. Hundreds of millions of pounds to generate a fraction of our energy needs.

- It is true that solar PV is more expensive than other renewable energy technologies per unit of energy generated.
- Nonetheless, the Government does continue to see a role for small-scale low-carbon technologies, including solar PV. This is part of a portfolio approach to meeting the UK's renewable energy target that must be affordable in the context of the control framework for DECC levy-funded spending and provide value for money to consumers.
- The FITs scheme is also intended to contribute to other low carbon goals by supporting small-scale technologies like solar PV. Specifically it aims to:-
 - empower people and give them a direct stake in the transition to a low-carbon economy;
 - help develop a supply chain that offers households a wide range of cost effective measures to lower their energy use and carbon emissions; and
 - Assist in public take-up of carbon reduction measures, particularly measures to improve the energy efficiency of buildings.

Proposed tariff Changes

You are halving tariffs virtually overnight.

- We are not acting overnight but striking a balance between the need for quick action and the desire to allow people to finish work that is well underway.

Surely you should have made more gradual reductions if you want to avoid boom and bust.

- The pace of PV cost reduction has surprised governments across the world. Our legislative framework does not allow us to adjust rates quickly but this is something we want to correct in future, and which will be in everyone's interest.

This is retrospective action. How do you expect to attract investment if this is how you treat people?

- Those who have already installed solar PV and are registered for FITs won't be affected.

- The proposed approach to implementing the tariffs will give those whose projects are well advanced 6 weeks in which to finalise in order to get the higher rate of tariffs.
- This approach is consistent with our long-standing principle of no retrospection. We are striking a balance between the need for quick action and the desire to allow people to finish work that is well underway.

My supplier said the current rates were guaranteed until April. Now I've missed the boat!

- We have never guaranteed that tariffs could not be changed before April. We've always said that our aim was to leave tariffs unchanged until April, unless the review revealed a need for greater urgency.
- The levels of deployment we have seen, combined with the risk to the FITs budget and the evidence of overcompensation, means that there is an urgent case for action.
- The proposed tariffs still offer a good rate of return, equivalent to that offered when the scheme was first launched.

Won't the proposed changes to tariffs adversely affect uptake of solar PV installations, particularly by households and communities?

- It goes without saying that tariffs that are lower than the current ones will not be as immediately attractive, particularly to those who were tempted by the adverts offering bonanza returns and looking to PV as a way of making a fast buck.
- However, what we are proposing is a correction to tariffs to bring them back to a level that delivers a similar target return to that envisaged when the FIT's scheme started.
- For households and communities interested in installing solar PV, a 4.5-5% return should still be attractive, particularly in the current climate of record low interest rates.

What is the eligibility date?

- The eligibility date is the date from which an installation becomes eligible for FITs payments.
- For the vast majority of PV installations (all that have a declared net capacity of 50kW or less), this will be the date the FIT licensee receives a valid application for FITs. This will be after the date on which their PV system is installed.
- It is therefore essential that consumers ensure their application is sent to their FIT licensee promptly. For absolute certainty consumers should consider sending applications via special delivery.

- The precise, legal definition of “eligibility date” is set out in Condition 33 of the Standard Conditions of Electricity Supply Licences.

What considerations were given to value for money in developing the scheme initially and now?

- This scheme was designed to contribute both to UK’s renewables target and to wider objectives of catalysing action on carbon reduction at the small scale.
- This government has brought the scheme within an affordability ceiling, taken action to restrain excessive returns, is building in greater energy efficiency and proposing more responsive cost controls.

Why introduce different tariffs and why such big differences?

- The proposed tariffs reflect new evidence on significant reductions in PV costs and increases in the value of electricity bill savings associated with generating your own electricity.
- Evidence from the comprehensive review shows that the capital costs of installing PV have fallen by at least 30% since the introduction of the FITs scheme. We know of reports that suggest that cost reductions could be even greater (up to 70% reductions in PV module prices, of up to 70% since 2008)
- There is a global market for PV and falling costs have resulted in FITs schemes elsewhere in Europe reducing tariffs for PV in the last year. For example, Germany, France, Spain, Italy and Belgium.
- If we too didn’t respond to these developments, then the returns available would lead to generators being overcompensated. This would not be value for money for consumers who pay for FITs through their energy bills.
- With no flexibility to increase the FITs spending envelope, a “do nothing now” option would have severe budgetary risks and would in all likelihood lead to the scheme being closed entirely to new applications in 2012-13.

Will you be increasing the export tariff to make it more worth my while and to compensate for the reduction in the FIT?

- We do not plan to change the export tariff from its current level during this part of the comprehensive review.
- However, the second phase of the comprehensive review will consider all aspects of the FITs scheme, including tariffs levels, depression rates and methods, making changes if necessary.

When will tariff changes become effective?

- Subject to Parliamentary scrutiny as required by the Energy Act 2008, the revised tariffs will take effect from 1 April 2012.
- The tariff changes will affect those with an eligibility date on or after 12 December 2011.

Eligibility date	Tariff Band/Rate
Before 12 December 2011	Higher tariff for full 25 years of support
12 December 2011 – 31 March 2012 inclusive	<ul style="list-style-type: none"> • Higher tariff until 31 March 2012 • Lower tariff from 1 April 2012 for the remainder of the 25 years support
1 April 2012 onwards	Lower tariff for full 25 years of support

Will my energy bill reduce in cost now if FITs are being reduced?

- If tariffs were left unchanged permanently then consumers would face an additional £23 (2010 prices) on average on their annual electricity bill in 2020.
- Under our proposals, this additional future cost would be prevented.

Impact on... existing customers

I am an existing FIT generator, how will the proposed tariff changes affect me?

- If you are already receiving FITs then your payments will not be affected.
- The higher tariff will continue be paid to all existing FIT accredited installations and installations that have an eligibility date before 12 December 2011.
- The Coalition Government made a commitment not to make retrospective changes to tariffs.

I have solar panels through my supplier's rent-a-roof scheme, how will the proposed tariff changes affect me?

- Those who have an installation already installed as part of a Rent-a-roof scheme should not be affected by the change in tariffs.
- Rent-a-roof enables households to receive free solar panels in return for savings on their electricity bill.
- These schemes see the generator that installs the panels – rather than the homeowner – receiving the FITs income.
- The proposed multi-installation tariff will only apply to new installations with eligibility dates after 1 April 2012. Installations with eligibility dates before 12

December, will receive the current tariffs, and installations with eligibility dates between 12 December and 1 April 2011 will receive the proposed new non-multi-installation tariffs.

Impact on... customers in the planning stages

My project received planning permission prior to the announcements of the Phase I review, will I be assigned the tariff that was in place at that time?

- In order to be eligible to receive the higher tariffs, the installation must have commissioned **and** the application for FITs (accompanied by a valid MCS certificate) received by a FIT Licensee, before 12 December 2011.
- The consultation seeks views on the proposed approach to implementing the proposed new tariffs.

I am considering having solar panels installed through my suppliers Rent-a-roof scheme. Will it now be worth it?

- In the first instance you should contact the company in question.
- Rent-a-roof enables households to receive free solar panels in return for savings on their electricity bill. It locks households into a 25 year contract.
- These schemes see the generator that installs the panels – rather than the homeowner – receiving the financial support from generation and selling the surplus energy back to the grid via the FIT scheme.
- Further information about your options is available on the energy saving trust website (www.energysavingtrust.org.uk/FITsreview) and the DECC FITs website (www.decc.gov.uk/FITS)

The higher tariff was a key incentive for me to fit solar panels. It seems unfair that the tariff should be reduced for me?

- We want to secure continued success of FITs through sustainable growth.
- The cost of solar PV has fallen much faster than anticipated (at least 30%). This means it doesn't need as much subsidy to be competitive.
- We consider that this adjustment is justified on the basis of the evidence that we have seen to date and in light of the wider need for a responsible approach to public subsidy.
- The rebalancing of tariffs will avoid budget overrun and give more consumers the opportunity to benefit.
- It would not be fair to pay relatively higher support to those who have paid lower capital costs for solar PV since the scheme was first introduced.

- Further information about your options is available on the energy saving trust website (www.energysavingtrust.org.uk/FITsreview) and the DECC FITs website (www.decc.gov.uk)

I didn't know this change in tariffs was coming - the reference date of 12 December seems very soon. Why the rush?

- In view of continuing high levels of uptake at the current tariffs it makes sense to separate the comprehensive review into two phases. This particular phase focuses on an accelerated review of the tariffs for small-scale PV.
- In the overall context, our assessment is that a 6 week period will allow many prospective generators who have made a financial commitment to complete their installations.

I've signed up and/or paid a deposit but the installation and certification can't be completed by the reference date of 12 December. Can I get a refund/cancel the contract?

- You need to look at the detail of your contract.
- If you have just signed, you have seven working days, 'the cooling off-period', to cancel a contract without penalty. Conditions relating to costs of goods and services already supplied inside or outside of this period should be within the contract and is a matter between you and the installer and not for Government to intervene.
- There is a complaints process that consumers may follow under the REAL Assurance scheme, which all MCS registered installers are a member of.
- Further information about your options is available on the energy saving trust website (www.energysavingtrust.org.uk/FITsreview) and the DECC FITs website (www.decc.gov.uk/FITS)

Although I've signed the contract I no longer wish to proceed and now wish to sue because of the lack of notice by the Government.

- It has been clear since February that the tariffs have been under review and that any changes to tariffs resulting from the review could happen before 1 April 2012 if the review revealed the need for greater urgency.
- The levels of deployment we have seen, combined with the risk to the FITs budget and the evidence of overcompensation, means that there is an urgent case for action.
- The proposed tariffs still offer a good rate of return, equivalent to that offered when the scheme was first launched.

Impact on... community groups

We are a community group considering a larger installation; this latest announcement in proposed tariffs seems unreasonable given that we have already downsized once already after August's tariff cuts?

- The cost of solar PV has fallen much faster than anticipated (by at least 30%). This means it doesn't need as much subsidy to be competitive.
- We consider that this adjustment is justified on the basis of the new evidence that we have seen through the comprehensive review to date.
- This new evidence on falling PV costs and increased electricity prices, suggests that the fast-track tariffs for large scale solar PV with a total installed capacity of less than 250kW, are providing a higher return than the target of 5% (which the proposed new tariffs are intended to provide).

The consultation implies that you might introduce a new community tariff. If so, when would this be and what would it entail?

- We are considering whether more could be done to enable genuine community projects to achieve real benefits from FITs.
- We will provide more detail on this in the second consultation on the comprehensive review.
- In the meantime, we would welcome any views on this and whether, for example, a definition of community scheme is required and if so how this should be defined.

Impact on... supply chain

Since the announcement of the 12 December reference date, there has been a higher demand for solar panel installation. Is there capacity in the industry to deliver this?

- We believe that the current supply chain in most sectors has capacity to deliver, both in terms of manufacturing and installation.
- However, certain localities may well be affected more than others and it is likely that, after joining a waiting list, some will not get their installations completed in time.

The Future

What is the Government's position on solar PV now?

- The Government continues to see a role for small-scale low-carbon technologies, including solar PV, as part of a portfolio approach to renewables.

- The FITs scheme aims to promote the uptake of such technologies by the public and communities.
- The FITs scheme is also intended to contribute to other low carbon goals by supporting small-scale technologies like solar PV. Specifically it aims to:-
 - empower people and give them a direct stake in the transition to a low-carbon economy;
 - help develop a supply chain that offers households a wide range of cost effective measures to lower their energy use and carbon emissions; and
 - Assist in public take-up of carbon reduction measures, particularly measures to improve the energy efficiency of buildings.

Is Government going to continue with FITs into the future or will it shift its support to something else instead?

- The Coalition Government reaffirmed in the Spending Review 2010/11 its commitment to FITs – seeing it as providing an important role in promoting take up of small scale low-carbon technologies
- However, the current fiscal climate means we also need to provide maximum value for money and will look to reduce projected costs of FITs in 2014/15 by 10%.
- The next Spending Review in 2014/15 will determine the FITs spending envelope for the next period.

Consumer protection

There is a risk that installers will mis-sell/mislead to gain business without notifying consumers of the proposed changes?

- Any installer offering solar PV with a declared net capacity of 50 kW or less that can earn money from FITs must be certified by the Microgeneration Certification Scheme (MCS) and be a member of REAL (Renewable Energy Assurance Limited).
- Members of the REAL Assurance Scheme are required to comply with the REAL Assurance Consumer Code.
- This includes advertising materials they produce being legal, decent, honest and truthful. False or misleading information cannot be given about their company, the product, services or facilities being offered, nor can they make any statement that is likely to mislead the consumer in any way.

Installers may try and sell other products and services during their initial visit other than the one I want

- Face-to-face sales during any visit may only be conducted with the consumer's prior consent.
- Where customers have given consent, such sales activities should be conducted in a fair, transparent, appropriate and professional manner.
- More information on doorstep selling is available from Consumer Direct - http://www.direct.gov.uk/en/Governmentcitizensandrights/Consumerrights/Situationssthatcanchangeyourconsumerrights/DG_194562.

My installer mis-sold to me and I believed the tariff rates were guaranteed?

- Tariffs are determined by the 'eligibility date' of an installation i.e when it has been installed and the FIT licensee has received a valid request for accreditation
- The tariff applying on the eligibility date will continue to apply for the 25 year eligibility period. This is reflected in the legislation underpinning the FITs scheme, specifically the table of tariffs at Annex 1 of the Modifications to Standard Conditions of Electricity Supply Licences.
- On 7 February 2011, the Government announced the first comprehensive review of the Feed-in tariffs (FITs) scheme, with tariffs remaining unchanged until April 2012 (unless the review indicates the need for greater urgency).
- MCS Installers automatically become members of the REAL Assurance Scheme and are required to comply with the REAL Assurance Consumer Code.
- This includes advertising materials they produce being legal, decent, honest and truthful. False or misleading information cannot be given about their company, the product, services or facilities being offered, nor can they make any statement that is likely to mislead the consumer in any way.
- Complaints should be made to the installer in the first instance. If unresolved, the Certification body and/or REAL may also be approached.
- Any member of REAL would face investigation and sanctions, including possible expulsion from REAL (and therefore from MCS), if they do not comply with the Code or breach the Consumer Protection from Unfair Trading Regulations 2008.

There is a risk that installers may rush work ahead of the 12 December, possibly employing non-expert labour and leading to poor quality installations.

- Any installer offering solar PV with a declared net capacity of 50 kW or less that can earn money from FITs must be certified by the Microgeneration Certification Scheme (MCS) and be a member of REAL.
- Members of the REAL Assurance Scheme are required to comply with the REAL Assurance Consumer Code.

- This ensures that all work is carried out to robust standards, so consumers are protected from poor quality work and that the products supplied meet required standards.
- Customers will be protected by warranties covering against installation failure and poor workmanship.
- Complaints should be made to the installer in the first instance. If unresolved, the Certification body and/or REAL may also be approached.
- Any member of REAL would face investigation and sanctions, including possible expulsion from REAL (and therefore from MCS), if they do not comply with the Code or breach the Consumer Protection from Unfair Trading Regulations 2008

I have paid my installer a deposit, but they have gone bankrupt/ cease to trade before delivering the goods.

- Installers offering systems that can earn FITs must be certified by MCS and be a member of REAL.
- This means that if an installer falls into receivership/administration/bankruptcy before the contract is completed, then the consumer should be able to recover his/her money by contacting REAL.
- This is because of REAL's Deposit and Advance Payment Insurance (DAPI) scheme which was designed to give consumers peace of mind by protecting the money they pay up front to the company.
- All REAL scheme members are required to take part unless they can demonstrate they have equivalent cover in place.
- More information is available on the REAL website (realassurance.org.uk) or If you have any questions specifically about the Deposit and Advance Payment Insurance Scheme, you may call the Insurance Scheme Administrator Quality Assured National Warranties(QANW) on 01292 268020

I want to cancel my contract with the installer

- Under the REAL Assurance Scheme, consumers are given seven working days to cancel the contract without penalty (the 'cooling-off period') which reflects a reasonable standard of practice.
- If works starts within the seven day period, consumers may be responsible for costs of goods and services already supplied provided they were given the requisite information before signing the contract.
- Conditions and costs that apply if the customer wants to cancel after the cooling-off period must be clearly set out in the contract.

My installer was slow in providing me with an MCS certificate and now I have missed the deadline for the higher tariff rate.

- The onus is in the consumer to proactively follow up the production of an MCS certificate by the installation company where this has not been received.
- Similarly, installers should provide a certificate in a timely manner.
- Consumers may use the complaint process set out on the REAL website if there is no resolution.
- We are doing everything we can to get across to people the importance of understanding the implications of the proposed approach to implementing the tariffs.

I want to complain about the standard of service or about aspects of the contract, who should I go to?

- In the first instance, consumers should speak to their installer and if this does not provide resolution, then the REAL Assurance scheme administrator.
- The conciliation service can be used if the complaint cannot be amicably sorted out between the two sides with the aim to reach a non-legal solution in a reasonable timescale.
- Both consumer and installer have the right to ask for the matter to be referred to the independent arbitration service if the conciliator's advice is not acceptable.
- Should all of these routes fail, the courts will still be available as with any other product or service.

What if there is product failure/poor workmanship and the installer has gone bankrupt? Will the government pay me back?

- No. Consumers benefit from the income they receive under FITs, and so like any other product, they should consider insuring the product outside of the warranty period.
- The Deposit and Advance Payment Insurance Scheme will additionally offer consumers the chance to insure the installation workmanship guarantee – valid for the same period as the guarantee, it is not the same as the manufacturers guarantee and costs around £35.
- Product complaints can also be referred to the manufacturer and, if need be, the relevant MCS Certification body for the product.

Will section 75 of the Consumer Credit Act cover consumers who have paid deposits and then find out that they did so on false pretences?

- If the consumer has paid the deposit by credit card (and some debit cards have similar protection), then the credit card company is jointly and severally liable with the installer.
- If the installer goes bankrupt or if the consumer has a valid claim of a breach of contract or misrepresentation against a supplier, then they have a likely claim against the card provider for the full amount.

- There are some restrictions: the cash price of the goods or services must be more than £100 and not more than £30,000 and purchases are not covered if they are made by debit cards or by charge cards (where the monthly bill has to be settled in full).

How do the Consumer Protection from Unfair Trading Regulations (CPR) 2008 work, in particular in tackling issues of mis-selling?

- The CPR regulations introduce a general duty not to trade unfairly and seek to ensure that traders act honestly and fairly towards their customers. They apply primarily to business-to-consumer practices.
- The CPRs tackle mis-selling by any business to any consumer by making it a criminal offence:
 - If the trader makes a false statement that is likely to deceive and causes a consumer to buy the product or service when they otherwise would not have done so
 - If the trader omits to tell the consumer something material and that omission causes the consumer to buy when they otherwise would not have done so
 - If the trader acts aggressively in a manner that causes the consumer to buy when they otherwise would not have done so
 - If the trader knowingly or deliberately acts in a manner that is inconsistent with professional diligence in their sector which causes the consumer to buy when they otherwise would not have done so
- CPRs can be enforced by local authorities all around the UK, as well as the OFT and certain sector regulators when issues of national significance are raised.
- Any member of REAL would face investigation and sanctions, including possible expulsion from REAL (and therefore from MCS), if they do not comply with the Code or breach the CPRs.
- The CPRs ban outright a number of specific bad practices, such as refusing to leave a consumer's home when asked to do so. Traders carrying out such practices can be prosecuted whether or not a sale **is actually made**.

Impact on...investors and developers

This has not increased market confidence. How can investors and developers have confidence in what the Government says on renewables to stop us straying from the UK market?

- We remain committed to deployment of renewables at all scales. The settlement we secured through the Spending Review is testament to this.

- But we've also got to recognise the realities of the world we live in and the importance of ensuring that every penny of public subsidy is spent responsibly and gets the best value for money for consumers.
- The Government wants to work with industry to deliver a FITs regime that provides transparency, longevity and certainty.

I have not been able to deliver an installation in time for the higher tariff rate for the consumer like I said I would be able to do

- Installers need to be realistic in what they can actually deliver in the run up to the reference date of 12 December and not make promises that can't be met.

Proposals on energy efficiency

What are you proposing on energy efficiency?

- We want to ensure that PV is considered as part of a whole building approach which prioritises energy efficiency.
- We are therefore proposing that in order to be eligible for the proposed new tariffs, a certain energy efficiency requirement should be met by the building to which the PV installation is attached.
- The proposal is that the new requirements would apply to all installations with an eligibility date that falls on or after 1 April 2012.
- If the energy efficiency requirement isn't met, then the PV installation can still be eligible for FITs, just a lower rate (9p/kWh).

What are you proposing the energy efficiency requirement should be?

- We are consulting on two alternative proposals:
 - (i) that the owner or occupier should bring the property up to an Energy Performance Certificate (EPC) rating of level C or above; or
 - (ii) that the owner or occupier of a building should undertake all the measures that are identified on an EPC as potentially eligible for Green Deal finance, with no additional finance required.

Why now?

- When the FITs scheme started, it was made clear that introducing an energy efficiency requirement could be considered through scheme reviews.

- The Coalition believes that there are strong arguments for revisiting this question as part of the current review and for strengthening the role of FITs as a vehicle to help drive energy efficiency improvements.

There won't be enough time for me to bring my property up to a higher level by the 1st April and so I will lose out on the higher rate

- As a transitional arrangement, PV installations with an eligibility date between 1 April 2012 and 31 March 2013 will have 12 months from the eligibility date to install any energy efficiency measures
- The tariff will reduce to the lower RO equivalent rate (currently 8.5p) for the remainder of the eligibility period if the requirement is not met.

Where is the incentive?

- Better energy efficiency means reduced consumption which should, in turn, lead to lower energy bills.
- Everyone has a choice of whether or not to install solar PV, and whether or not to install energy efficiency measures. If they do both, they would be eligible for a higher generation tariff (up to a maximum of 21p kWh depending on the size of the installation).
- From autumn 2012, energy efficiency improvements could be largely financeable through the Green Deal at no up-front cost to the consumer.

What is the Green Deal?

- The Green Deal will help reduce energy demand and carbon dioxide emissions by providing the opportunity for people to benefit from energy efficiency measures and improvements at no up-front cost.
- The Green Deal will mean homes are warmer and consumers will be able to save money on their energy bills.
- Green Deal finance will provide households with energy efficiency improvements, with bill-payers repaying through the savings they make on their energy bills.
- The Green Deal charge will be attached to an energy meter and will not be attached to a person or organisation.

- The consumer is only liable for the payment of instalments due while they are the bill-payer enjoying the benefits
- We do not expect it to be scored as household debt by the Office of National Statistics.
- It counts as a credit arrangement, and therefore green deal plans involving consumers will benefit from the protection of the Consumer Credit Act.

Proposals on multi-installation tariff rates

What is the new multi-installer or ‘aggregated’ tariff?

- We are consulting on a proposal for lower tariffs for installations where the FIT payments are going to individuals or organisations already receiving FIT payments from other solar PV installations.
- This proposal is based on evidence that there are lower costs associated with such multiple installations. If these received the same tariffs as individual installations, the rate of return for investors would be higher than the target of 5%.
- The consultation proposes that the tariff for multiple installations should be 80% of the tariff for individual installations, subject to a lower limit of 9p/kWh. We believe this will provide a fair rate of return, while avoiding over-compensation.

This proposal unfairly discriminates against social housing and community schemes. Do you want FITs to be restricted to the wealthy?

- No. We believe the multi-installation tariff will provide for at least a 5% rate of return for such installations, which is what the scheme was originally designed to provide. FITs was never intended to provide windfall profits for investors or cross-subsidy for other activities.
- We are also considering whether more could be done to enable genuine community projects to be able to fully benefit from FITs, and will provide more detail on this in the second consultation on the comprehensive review.

What happens if the ‘rent-a-roof’ company which installed my panels goes bust as a result of these changes?

- We advise you to check the wording of your contract to details of what happens if the company that installed your panels goes into administration.
- The FIT payments on existing installations will not be affected by the proposed tariff changes, so the company that installed your panels will continue to receive the FIT payments at the previous rate.

Second consultation on the comprehensive review

When will you publish more details on the second part of the comprehensive review?

- We will publish a second consultation around the end of 2011 which will consider other aspects of the scheme including the tariffs for other FIT technologies and proposals for introducing new cost control mechanisms for FITs to ensure the ongoing affordability of the scheme.

What will be considered in the second consultation on the comprehensive review of the FITs scheme?

- The comprehensive review of FITs will consider all aspects of the scheme including administration, eligible technologies and non-PV tariffs.
- It will focus particularly on mechanisms to ensure that we stay within the spending envelope.

Will new technologies be considered for eligibility for FITs?

- This will be considered as part of the second phase of the comprehensive review of FITs in which all aspects of the FITs scheme will be considered including the eligibility of other technologies.

How much money is earmarked for FITs and over what period?

- In the Spending Review we committed to make savings of £40m in 2014/15. This is equivalent to approximately a 10% saving in 2014/15 based on estimated costs for that year (i.e. reducing those projected costs to approximately £360m in nominal prices).
- Estimates of FIT expenditure are drawn from the analysis and projections on FITs uptake that informed the Impact Assessment published just prior to the start of the FITs scheme. Estimates are presented as net subsidy costs, additional to business-as-usual. The Impact Assessment is available from our website at www.decc.gov.uk/fits.

When will any tariff changes resulting from the second comprehensive review consultation become effective?

- Our aim is that subject to Parliamentary scrutiny as required by the Energy Act 2008, any changes resulting from the second consultation on the comprehensive review will be implemented in the first half of 2012.