

# Bring me sunshine

Toby Ferenczi urges Decc to think again about slashing the feed-in tariff for domestic solar installations so drastically

**E**arly this month, the Department of Energy and Climate Change (Decc) proposed cuts to the UK's feed-in tariff (FIT) much deeper and faster than expected. The tariff level for domestic solar photovoltaic installations may now more than halve from 43.3p per kWh to 21p on 12 December.

The dramatic cuts proposed are said to help the industry "avoid boom and bust and protect the wider FIT scheme". In fact, this measure will cripple the UK solar market and result in tens of thousands of job losses by causing a rapid drop in demand. But if left untouched, the FIT could create at least 25,000 green jobs by early 2012.

Designed to kick-start growth in the solar industry to create demand, which then drives down costs, the FIT has been performing exactly as planned. By paying consumers for producing electricity, the FIT is not only promoting the use of clean, secure energy, but is catalysing a new industry with potential to create jobs and attract private investment.

And the solar industry has been growing. The combination of government incentives for renewables (including the FIT) and consumers facing growing energy bills, has led to tens of thousands of solar installations since April 2010 alone.

This has created thousands of local jobs, and not just in solar installation but also in sales, maintenance, distribution and many other related services. Predictions suggest more than 50,000 additional jobs can be created by 2015 as a direct result of keeping the FIT levels viable.

This sudden industry growth has also made renewable energy affordable and provided relief from fuel poverty in the case of financed solar

schemes. There has been considerable innovation in the market. Companies are offering to install homeowners' solar electric systems for free, and maintain them for 25 years, meaning that clean energy is an option for homeowners who may not have been able to afford it in the past. Homeowners who choose to pay for solar panels themselves make an 8-10 per cent annual return on investment, making it one of the most compelling personal finance investments available.

If incentives are cut too rapidly, it would have a highly negative economic, environmental and political impact. A rapid and deep cut to the FIT could destroy innovative companies focused on delivering domestic green energy and efficiency measures and directly threaten the chances of other green initiatives, such as the Green Deal or domestic Renewable Heat Incentive.

Decc has been forced to make such devastating cuts because of the cap imposed by the Treasury based on highly underestimated installation forecasts. This must be changed. Solar PV has shown it can compete in cost with other technologies that form a more central part of the government's energy policy. The solar industry is calling for <4kW solar PV tariff of just 28p per kWh, the same level as for a <15kW wind turbine. Considering that, according to Ofgem, the cost of the solar FIT scheme is only £1 per household, it is high time this government increases its overall ambition for solar in the UK.

If it slashes the FIT too deeply, the government will lose the green jobs it created and destroy an entire industry. According to Duncan Hames, private secretary to energy minister Chris Huhne, the government is willing to invest in solar energy so long as it can see the cost trends heading towards a point where subsidy is no longer required. As a new European Photovoltaic Industry Association report points out, this is exactly what will happen – it predicts solar PV will reach grid parity in the UK in 2017/18, just a few more years away.

Let us hope that government takes the long view and supports solar enough for it to get to the point where it can produce cheap, clean electricity while standing unsupported. ●

*Toby Ferenczi is co-founder and chief technology officer at solar provider Engensa.*

New feed-in tariff rates for solar PV

Band	Current generation tariff (p/kWh)	Proposed generation tariff (p/kWh)
≤4kW (new build)	37.8	21.0
≤4kW (retrofit)	43.3	21.0
>4-10kW	37.8	16.8
>10-50kW	32.9	15.2
>50-100kW	19.0	12.9
>100-150kW	19.0	12.9
>150-250kW	15.0	12.9
>250kW-5MW	8.5	8.5
Standalone	8.5	8.5