

Review of Feed in Tariffs

CIBSE understands the rationale for a reduction in the rate payable under the feed in tariff, and accepts that such a reduction is in principle necessary. The Institution's concerns relate to the haste with which the tariff reduction has been implemented, in particular the decision to reduce the rate before the consultation on the proposal has closed, but also the unintended consequences for consumer and investor confidence in green incentive schemes and the potential damage to companies in the sector.

CIBSE believes it is fundamentally wrong to announce a consultation and at the same time to announce a decision on the topic under consultation that will take effect prior to the closure of the consultation. This is a fundamental abuse of the consultation process. It merely encourages the view that consultation is a sham and that the decisions have been made before the consultation is issued. This is corrosive to the whole principle of open consultation by government.

The haste with which the tariff has been reduced is such that many who had started the process of installing solar PV systems found that literally in the course of a day a viable project had ceased to be viable. Companies and consumers who had already made real investments in the preliminary stages of design and consents for installations found that investment rendered potentially worthless at a stroke. This does nothing for consumer or investor confidence in the government, amounting, as it does, to the second green u-turn within a few weeks, following close on the failure to introduce Display Energy Certificates for commercial buildings, in spite of previous statements and published intentions. Increasingly, those who are asked to mobilise business to participate in green initiatives will tend to be cautious and conservative and hold back from investing until the initiative is clearly in place before investing in capacity, skills and training. This is not providing incentives for investment in the growth that the UK needs at present. Indeed, it is hindering growth.

When there is a compelling case for reducing the value of an incentive such as the Feed in Tariff, then there needs to be an orderly mechanism for implementing change. Perhaps such schemes need to be devised with a robust and auditable "qualifying date" which enables those who have committed to an eligible installation to be able to operate on the basis of "I've started, so I'll finish", whilst closing the scheme much more speedily to entirely new entrants, or making it abundantly clear that from a given date new entrants will only qualify at a lower rate. That would avoid the wave of cancellations and redundancies triggered by the Feed in Tariff announcement.

This would be much fairer and would avoid the unintended consequences of the current proposals for reducing the Feed in Tariffs.

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