Department of Energy & Climate Change

Government response to the consultation on changes to Feed-in Tariff accreditation

Removing preliminary accreditation from the Feed-in Tariff

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Any enquiries regarding this publication should be sent to us at FITreview@decc.gsi.gov.uk.

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1. Introduction

Background

1.1. DECC launched a consultation on removing preliminary accreditation (pre-accreditation) from the Feed-in Tariff (FIT) scheme on 22 July 2015. The consultation closed on 19 August 2015. The consultation proposed action to limit the risk to bill payers of a deployment surge under the FIT scheme through the removal of pre-accreditation and the tariff, and the tariff guarantee aspect of pre-registration, and sought a broad range of input from industry and consumers.

1.2. Following the consultation, this Government response analyses the responses received during the consultation and sets out DECC's decision.

Government decision

1.3. We will remove the ability to pre-accredit under the FIT scheme, effective from 1 October 2015. We will also remove the ability to receive a tariff guarantee through pre-registration (though the beneficial energy efficient aspects of pre-registration will remain available). This is because we see the removal of a tariff guarantee , alongside the cost control proposals of the FIT Review, to be of critical importance in ensuring the overall value for money of the FIT scheme and limiting the impact of rising policy costs on consumer bills. The FIT Review consultation proposes an overall budget for the future spend under the scheme, and our objective is to maximise the value-for-money deployment which can take place within those constraints.

1.4. Removing pre-accreditation will achieve this by limiting the value of the deployment surge in response to tariff reductions. This will limit the impact on consumer bills and ensure we can consider a future scheme as outlined against the affordability criteria as outlined in the FIT Review consultation. Our decision to continue with the FIT scheme will be based partly around affordability criteria, including how far deployment that happens whilst the scheme is under review impacts on future available budget. We considered it was important to limit expenditure now to build a case for the FIT scheme to continue.

1.5. However, subject to the outcome of the FIT Review, if generation tariffs for new applicants remain available under the FIT scheme , we will consider reintroducing pre-accreditation either for all groups or on a more limited basis. This is because we consider that the proposals set out in the FIT Review consultation, in particular the introduction of deployment caps, would enable control of the overall costs of the scheme. In this context, pre-accreditation would be an appropriate means of enabling deployment under an effectively cost-controlled scheme.

1.6. We recognise that this decision will introduce considerable uncertainty in the short term, but consider that it is necessary to safeguard spend under the scheme while we carry out the FIT Review. A consultation on the FIT Review was published on 27 August 2015, and sets out DECC's proposals for the future of the scheme.

Feedback

1.7. In total, DECC received 2372 responses to this consultation. This included 385 unique responses; 1606 identical responses received as part of a campaign organised by Friends of the Earth; 266 identical responses as part of a campaign organised by Friends of the Earth Scotland; and 115 identical responses organised as part of a campaign organised by the 10:10 Foundation. Responses were received from a wide range of stakeholders across all sectors with an interest in the FIT scheme and also from members of the public. In particular, there was a strong response from the community energy sector and associated individuals, with just over a quarter of unique responses coming from these groups. We note that this consultation largely attracted unique responses from those with an interest in continuing deployment under the FIT scheme going forward. Organisations responding to the consultation are listed at Annex A.

1.8. In the course of the consultation, DECC held two consultation workshops to discuss the proposed changes, in London on 5 August 2015 and in Edinburgh on 13 August. These events were each attended by 60-80 individuals, again drawn from all sectors and groups supported under the FIT scheme. DECC also hosted a roundtable discussion with twelve solar investors, representing debt and equity providers to the solar sector. This document also takes into account feedback received during these workshops.

1.9. The majority of respondents were opposed to the proposed changes. Detailed analysis of responses can be found in the following chapter. Given the volume of responses received not all views received are reflected in the summaries of responses, however all views were considered. These summaries are intended to provide a representative overview of the feedback received and to explain the reasons behind the final decision.

1.10. A significant number of respondents stated that the length of the consultation period (4 weeks) had adversely affected their ability to respond in full to the consultation questions. While we appreciate that the length of this consultation period was a subject of contention amongst stakeholders, we also note that it contained only four questions on an established and well-understood policy. Taking into account the fact that the proposals will need to be implemented urgently in order to protect bill-payers from rising policy costs in a demand-led scheme without effective cost control, we judged that four weeks was adequate for stakeholders to provide a considered response. We consider that the high number of substantive considered responses received shows that sufficient time was provided.

1.11. The absence of an accompanying Impact Assessment was also cited in a large number of responses as restricting the ability to respond fully. We considered these complaints and judged the information we provided was adequate.

1.12. The consultation did not seek views on the urgency of action to save costs under the LCF, and so we do not accept that a greater breakdown of LCF costs would have enabled respondents to provide a fuller response.

Next steps for implementation

1.13. An amended FIT Order will be laid in parliament on 9 September 2015. This will be subject to a 21 day parliamentary procedure before it comes into effect on 1 October 2015[1].

[1] The Order comes into effect on 30th September introducing a cut-off date so that from 1st October onwards Ofgem cannot accept any applications for pre accreditation.

2. Analysis of responses to the consultation

Question 1: Removing pre-accreditation

Consultation question		356 unique responses
Q1	Do you agree that, in the context of deployment and spend under the FIT scheme significantly exceeding expectations, it is appropriate to remove the ability to pre-accredit from the FIT scheme?	

Summary of responses

2.1. There were 356 unique responses to this question. The range of respondents represented all stakeholders involved in the FIT scheme. A wide variety of respondents were represented from members of the public, community groups, and public bodies to trade associations, energy companies, and technology developers.

2.2. The 1606 responses received as part of the campaign organised by Friends of the Earth stated that pre-accreditation should not be removed as it would make deployment of renewable energy more difficult, and that the Levy Control Framework should not place a limit on the deployment of renewables.

2.3. The 266 responses received as part of the campaign organised by Friends of the Earth Scotland argued that pre-accreditation should not be removed for communities, and set out the key reasons for this: the longer timeframes for the development of community projects; the greater difficulty of raising funds; the lack of development experience on the part of communities; and communities' contribution to local economies.

2.4. The 115 responses received as part of the campaign organised by the 10:10 Foundation disagreed with the proposed change, setting out the value of pre-accreditation in providing projects with certainty. These responses argued that Government should instead be working to better support the sector (in particular the community energy sector).

Agreement with proposal

2.5. Sixteen respondents supported the consultation's proposal to remove pre-accreditation. The most commonly cited reason for this was that the measure would help control costs and reduce the impact of the FIT scheme on consumer bills. These responses also cited the current levels of deployment and spend under the FIT scheme.

Disagreement with proposal

2.6. The great majority of respondents disagreed with the proposal. Many argued in favour of building on the scheme's success (as evidenced by deployment exceeding expectations) rather than seeking to restrict deployment. A large number of respondents used their response to this question to set out the benefits of pre-accreditation in increasing investor certainty and enabling deployment. Respondents did not generally respond separately to the proposal to remove the tariff guarantee aspect of pre-registration, but a number of responses provided comments on this alongside their comments on pre-accreditation.

2.7. Several respondents argued that DECC had not produced sufficient evidence to support the proposal to remove pre-accreditation from the FIT scheme. In addition, many argued that the proposed change had been announced with insufficient notice and that it would be appropriate to either delay implementation or offer grace periods to projects close to being able to pre-accredit.

Creation of investment uncertainty

2.8. The argument most frequently cited (by around half of all respondents) was that removing pre-accreditation would create significant uncertainty. Respondents stated that the proposed change would mean many projects, even those at an advanced stage, were likely not to go ahead in the short term as uncertainty over tariffs would mean many projects would not be able to secure finance. Several respondents also raised the particular impact of this change on SMEs, stating that while larger developers may be able to finance projects with their own equity, this option would not be available to developers of small to medium projects.

2.9. Many respondents also raised the risk that perceived policy instability would deter investment in the energy sector in the longer term. Respondents stated that removing pre-accreditation gave a negative signal as to the Government's overall policy intentions, and cited the removal of pre-accreditation in the context of other measures seen as reducing the attractiveness of investment in renewable energy (e.g. the removal of the renewables exemption from the Climate Change Levy, or the consultation on ending support for small scale solar under the Renewables Obligation).

Wider risks of removing pre-accreditation

2.10. Some respondents questioned the effect of the proposed change on the UK's ability to meet national and European targets for renewable energy and decarbonisation. In particular, it was stated that the lasting impact on investor confidence from removing pre-accreditation would be greater than the financial savings made in the shorter term. Some responses stated that this action would adversely affect the UK's (and EU's) position in the COP21 negotiations in Paris later this year.

2.11. In several responses, it was argued that the removal of pre-accreditation would ultimately increase the cost of renewable energy deployment by raising the cost of capital for projects, undermining

manufacturing and construction pipelines and slowing the pace of technology cost reduction. It was stated that this meant the proposal would ultimately prove poor value for money.

2.12. Several respondents also made the point that the removal of pre-accreditation would mean Government had reduced visibility over the pending deployment pipeline.

Degression mechanism

2.13. A large proportion of respondents argued that Government should continue to rely on the degression mechanism to control spend, rather than removing pre-accreditation. Many pointed to the fact that degression had already significantly reduced tariffs and reduced the attractiveness of deployment across different sectors – this was cited as evidence that degression was serving its intended purpose. Some responses stated that no changes should be made to pre-accreditation without concomitant changes to the degression mechanism.

Impact on individual sectors

2.14. The impact on community energy projects was a strong theme among respondents, not only from those within the community sector but also from members of the public and developers across all technologies. Respondents stated that removing pre-accreditation (and, in particular, pre-registration) would have a disproportionate impact on the community energy sector, undermining projects' ability to attract the financing necessary to deploy. Respondents argued that community energy projects required a longer period to raise finance, and so in the absence of a tariff guarantee would be less able to deploy than conventional projects. Several respondents provided evidence of specific projects which would be unable to deploy if pre-accreditation was removed.

2.15. Various respondents also argued that it was particularly inappropriate to remove pre-accreditation for a specific technology, with hydro the most regularly mentioned. The potential for weather and seasonal factors to disrupt construction were the most commonly stated reasons. Also cited was the reasoning that, unlike other technologies, hydro's deployment costs were either remaining steady or in fact rising, as a consequence of the limited number of sites and the fact that more accessible sites had already been developed.

Decisions taken since consultation

2.16. We have decided to remove pre-accreditation (and the tariff guarantee aspect of pre-registration) for all FIT applicants, effective from the date the legislation enters into force. As mentioned above, subject to the outcome of the FIT Review consultation we will consider reintroducing pre-accreditation and pre-registration for all participants or specific groups.

2.17. We consider there is sufficient evidence that the removal of pre-accreditation is a valid means of limiting the impact of a deployment surge on electricity consumer bills; specifically, the evidence of previous deployment

surges. In September and December 2014, projects worth around £120m in generation tariffs pre-accredited ahead of tariff degressions in October 2014 and April 2015 respectively. We believe that removing pre-accreditation could reduce the scale of this increase in deployment before future tariff degressions..

2.18. We recognise that this change reduces certainty for investors across all sectors under the FIT scheme; and that this uncertainty can impact on securing confidence in the wider sector. In light of these responses, we will consider reintroducing pre-accreditation as part of a FIT scheme with effective cost control, subject to the outcome of that consultation. In the light of the revised tariffs proposed in the FIT Review consultation, however, we do not consider that it would be appropriate to continue to allow generators to lock into tariffs now which our updated evidence base suggests do not offer value for money under the scheme and which impose disproportionate costs on consumer bills.

2.19. While various respondents requested grace periods, we do not propose to offer any additional grace period before this change comes into effect. We consider that the time period between the beginning of this consultation and the implementation date of the change offers an effective grace period for developers already close to achieving pre-accreditation.

2.20. The Government remains committed to its aim of achieving 30% of our electricity from renewable sources by 2020 and even with the removal of pre-accreditation we are currently still on track to achieve this. We have already met or exceeded 2020 FIT projections for wind, AD, and hydro from the 2012 comprehensive review. We expect to be within our projected deployment range for solar PV. Similarly, the government remains committed to achieving an ambitious climate change deal in Paris.

2.21. While we acknowledged in the consultation that removing pre-accreditation will increase developers' cost of capital, we do not accept that it will result in lower value for money as our modelling alongside the FIT Review shows continued deployment under an amended scheme. Nor do we agree that the current system of tariff degression is the appropriate tool for bringing down costs: degression is designed to provide appropriate rates of return to investors and has demonstrably proven not to give adequate cost control.. We consider the revised tariffs and the changes to improve the degression mechanism proposed in the FIT Review are the appropriate measures to ensure the deployment which takes place under the scheme offers value for money, and the proposed deployment caps will enable effective cost control.

2.22. We accept that without pre-accreditation, Government would have reduced visibility over the pending deployment pipeline. We feel, however, that this disadvantage is outweighed by the urgency of taking action to control costs; and we are in any case open to reintroducing pre-accreditation under a scheme offering better value for money.

2.23. In response to both this and the following question, a significant number of respondents highlighted the impact on both the community and hydro sectors, setting out the specific reasons why pre-accreditation was

important enabling deployment for these sectors. Respondents made similar points (although in lesser numbers) regarding the AD and wind sectors. We do not, however, propose to leave pre-accreditation (or pre-registration) in place for specific sectors.

2.24. We acknowledge that removing pre-accreditation will make it more difficult for developers to deploy across all sectors under the FIT scheme. We also recognise that this difficulty is likely to worsen the position of projects which are already subject to greater barriers to raising finance. This will have the effect of reducing deployment and lead to individual projects not going ahead which otherwise would have done.

2.25. We have considered the likely impact on deployment of making this change, and the submissions to the consultation which set out the effects of removing pre-accreditation on both specific sectors and the industry as a whole. While we accept that this action will reduce deployment, against the impacts set out above we have balanced the urgency of taking action to control costs under the LCF; and specifically the importance of preventing deployment surges so there remains sufficient budget under the FIT scheme to continue to offer generation tariffs. Taking into account these factors, we still consider that the removal of the tariff guarantee for all sectors is necessary because:

- The FIT Review proposes new generation tariffs, based on the latest evidence, that indicate the need for large reductions for new generation tariff applicants. Keeping pre-accreditation open would allow applicants to lock into tariffs now which our evidence suggests are poor value for money.
- The decision to continue offering generation tariffs for new FITs applicants hinges around Government's assessment of scheme affordability. One factor in this will be the level of deployment which happens before the conclusion of the Feed-in Tariff Review. It is in the long-term interests of the viability of the scheme over all to close pre-accreditation in the short-term.
- We consider that some deployment under the scheme will continue.
- Keeping pre-accreditation for certain groups raises risks. In particular, there is the risk of gaming, where commercial developers may exploit a loophole around an exemption for community groups in order to pre-accredit their projects.
- Furthermore, we are also concerned about the risk of non-compliance with our State Aid approval for the FIT scheme – which approves a FIT scheme that applies to all sectors without discrimination, if we retain pre-accreditation and pre-registration for certain groups.

2.26. Having taken this into account, we do not consider that it would be appropriate for pre-accreditation to remain in place for certain groups only. Subject to the review we will consider reintroducing pre-accreditation for all participants or specific groups.

Question 2: Assumptions on impact of proposed change

Consultation question	339 unique responses
Q2	Are the assumptions made above on the impact of removing pre-accreditation reasonable? Please provide robust evidence to support your response.

Summary of responses

2.27. There were 339 unique responses to this question. The range of respondents represented all stakeholders involved in the FIT scheme.

2.28. The 1606 responses received as part of the campaign organised by Friends of the Earth stated disagreement with the consultation's assumptions, citing weak recent growth in FITs bands over 50kW and questioning the consultation's assertion that "we do not consider that the lack of certainty over the tariff available upon completion will prevent projects being funded".

2.29. The 266 responses received as part of the campaign organised by Friends of the Earth Scotland did not directly address this question.

2.30. The 115 responses received as part of the campaign organised by the 10:10 Foundation stated that there was insufficient information on which to judge the consultation's assumptions. Responses requested further information on underlying Levy Control Framework assumptions and stated that the length of consultation had affected respondents' ability to provide evidence.

Overall response to assumptions

2.31. The large majority of respondents disagreed with the assumptions made on the impact of the proposed change. Where respondents challenged the assumptions made in the consultation, this was made primarily on the grounds that the assumptions understated the impact of the proposed change or failed to take into account differences between technologies. Where respondents agreed with the assumptions, their agreement was generally qualified on the same grounds of understatement or failure to reflect technological differences. A large number of respondents stated that they could neither agree nor disagree with the assumptions as they were too vague to properly assess.

Lack of information

2.32. The most common response to this question was that DECC had not provided sufficient detail on its assumptions to make a full response to the consultation. Respondents cited the lack of a full Impact Assessment supporting the consultation, and a large number expressed surprise at the statement in the consultation that *"DECC has not attempted to estimate the likely impact of this change on deployment and therefore on potential savings" (paragraph 1.20)*.

2.33. In particular, a large number of respondents stated that to respond in full they would need access to more of the detail behind the calculations

showing increased spend under the LCF, and requested that DECC elaborate on or substantiate the £1.5bn forecast overspend. Respondents also requested a more detailed breakdown of deployment under the FIT scheme by technology, both actual and forecast.

2.34. In addition, several responses argued that the consultation used the wrong metrics to assess the value of the FIT scheme, and that support under the scheme should be measured against longer-term strategic measures of value. It was argued that too close a focus on the LCF had resulted in a failure to appropriately consider the overall impact on consumers.

2.35. A number of respondents also argued that the length of the consultation period had limited their ability to respond to this question in detail, and that the separation of this consultation from the later FIT Review proposals had limited their ability to respond fully.

Overall impact

2.36. A high number of respondents across all technologies stated that the consultation understated the impacts of the proposed change, arguing that its impact would be more severe than simply curbing deployment. In the view of many respondents, the increase in commercial risk would be unacceptable for practically all investors.

2.37. Similarly, it was argued that the impact of removing pre-accreditation, combined with uncertainty over future proposals under the full FIT Review, would have a more drastic effect on deployment than was assumed in the consultation.

2.38. Some respondents questioned the magnitude of LCF savings achievable by removing pre-accreditation, arguing that potential bill savings would be minor and could not justify the disruption resulting from the proposed change.

2.39. The specific impact of the proposed change on smaller developers was raised by various respondents. They argued that smaller projects across all technologies would be least able to deploy without pre-accreditation, as the increase in hurdle rates would limit access to debt financing; and that the pool of developers deploying under the FIT scheme would be limited to larger commercial developers able to bear the additional commercial risk and finance projects from their own equity.

Impact on specific sectors and technologies

2.40. The most common responses to this question were to state that the assumptions in the consultation took insufficient account of differences between technologies, and failed to consider the disproportionate impact the change would have on a given sector or technology. Key factors cited included differences in risk profile and construction and development time. In general, it was stated that the impacts would be most severe on technologies with longer construction times. Several respondents argued that it was unfair to impose measures on their technologies when other technologies or schemes bore greater responsibility for the LCF overspend.

Community energy sector

2.41. Many respondents (both within the community sector and among developers) used their response to this question to set out the specific impacts the change would have on the community sector's ability to raise finance and to deploy renewable energy projects. It was widely argued that the community sector was unable to absorb any additional risk, given the additional difficulties which community projects faced in accessing finance, the longer timeframes needed to organise and deploy community energy projects and the fact that community projects are often developed in partnership with organisations such as local authorities which are naturally risk averse. A number of respondents also raised the wider benefits of community energy in promoting community cohesion and energy education. Several respondents stated that it would be necessary to offer higher rates of interest to shareholders, reducing the community benefits resulting from such projects.

Hydro

2.42. The individual technology most often mentioned in response to this question was hydro, principally by respondents within the sector but also by a number of community groups. Several respondents argued it would be impossible to make an investment decision in hydro projects without the tariff certainty provided by pre-accreditation and a number of respondents raised the particular impact on low-head hydro installations (making the point that returns here were already marginal). Several respondents gave examples of projects in development which would not be able to go ahead without pre-accreditation. The limiting factors most often cited were the longer timescales for developing a project, the greater construction risk involved in hydro projects and the more complex requirements around permitting and consents. Several respondents stated that developers' ability to attract financing (and particularly debt financing) for their projects was already marginal. It was stated that the net result of the proposed change would not only be higher hurdle rates, but a significant and disproportionate exit of investors from the sector.

Wind

2.43. Respondents in the wind sector argued that the consultation understated the effect the removal of pre-accreditation would have on wind deployment and failed to take into account technology-specific development timeframes and processes. Several respondents stated that the proposed change would prevent any wind power being financed and deployed. Respondents argued against the statement that developers were better equipped than in 2012 to deploy without pre-accreditation. It was stated that it remained difficult to secure financing for wind projects (with debt financing no more accessible than in 2012) and development timescales had not significantly reduced. Several developers responding to this question stated that the removal of pre-accreditation would cause them to halt work on all their ongoing projects. Other respondents raised the risk of developers at both the local and national levels going out of business.

Anaerobic digestion (AD)

2.44. Similarly, respondents from the AD sector stated that the consultation understated the likely impact of the proposed change on AD development. It was stated that returns were already at a minimum acceptable level and the addition of further uncertainty would deter investment, in particular from smaller projects and communities less able to assess the additional risk. Several respondents cited examples of projects which would not go ahead if pre-accreditation were removed.

Solar PV

2.45. As with other technologies, solar developers and trade associations stated that removing pre-accreditation would prevent projects going ahead and reduce the deployment pipeline. The commercial rooftop market was cited in particular as one where the removal of pre-accreditation would undercut the potential for deployment. They also argued that the removal of pre-accreditation would slow the sector's overall progress, and that it was wrong to restrict incentives to invest when the technology was so close to achieving the ambition of "solar independence".

Policy decision following the consultation

2.46. As discussed in paragraphs 2.16 – 2.26, we acknowledge that this change will have the effect of reducing deployment across different sectors, in particular those which currently face greater barriers in accessing financing. We do not propose, however, to leave pre-accreditation in place for specific sectors, for the reasons set out in paragraph 2.25. We consider that deployment will continue to take place across different sectors even without pre-accreditation. In addition, we will consider reintroducing pre-accreditation as part of a scheme with costs controlled by deployment caps.

2.47. As discussed in the introductory chapter, we do not consider that the absence of an accompanying Impact Assessment restricted respondents' ability to provide a considered response. In particular, we do not agree that more information on LCF projections was needed in order to respond to the consultation.

Question 3: Additional measures

Consultation question	329 unique responses
Q3	Are there additional measures which could achieve the objectives of encouraging deployment under the scheme while ensuring value for money under the LCF?

Summary of responses

2.48. There were 329 unique responses to this question.

2.49. The 1606 responses received as part of the campaign organised by Friends of the Earth disagreed that renewables deployment should be limited by the Levy Control Framework, and suggested the impact of renewables deployment on bills could be offset via a greater focus on energy efficiency.

2.50. The 266 responses received as part of the campaign organised by Friends of the Earth Scotland did not directly address this question.

2.51. The 115 responses received as part of the campaign organised by the 10:10 Foundation stated that the degression mechanism should continue to be the mechanism by which spending was controlled under the FIT scheme.

Focus on value for money

2.52. A significant number of respondents used their response to this question to argue that, rather than placing a limit on deployment, the Levy Control Framework should be increased to allow for more renewables deployment. Similarly, various respondents stated that there should be a wider assessment of value for money under the FIT scheme, looking more broadly at the benefits of renewable energy deployment (e.g. jobs created, reduced reliance on imported fuels, climate change benefits), taking these into account and comparing them with the impacts of other technology types.

2.53. It was also widely argued that removing pre-accreditation would ultimately reduce value for money under the scheme, as the move would undermine existing supply chains and slow the pace of cost reductions, meaning that future deployment of renewable energy would take place at greater cost.

Additional measures proposed

2.54. There were a wide range of individual proposals made in response to this question, and it is not possible to summarise all of these here. Many respondents used their response to this question to address issues also raised in questions 2 and 4 of the impacts on individual technologies, setting out the case for exceptions from the proposed change or other special treatment for specific technologies and sectors.

2.55. Of the direct responses to the consultation question, the following issues were raised by multiple respondents:

- Respondents proposed to reduce investment uncertainty (and therefore to bring down costs) by fixing tariffs for longer periods and/or giving investors greater visibility over degression.
- Respondents across all technologies also suggested changes to the existing tariff band structure to ensure cost-effective compensation for different sizes of project.
- Several respondents suggested that a more robust pre-accreditation mechanism could be introduced, whether with more stringent eligibility requirements, revised deployment windows, the introduction of a fee payable for pre-accreditation, or limiting projects to a single pre-accreditation application.
- Similarly, it was suggested that the proposed removal of pre-accreditation was restricted to larger installations only (500kW and 1MW were cited as potential thresholds).

- Problems with grid connections were cited as a factor limiting deployment in several responses. Some responses to this question, in particular from the solar sector, proposed intervention to facilitate the grid connection process as a means of offsetting the impact of proposed changes. Respondents also put forward suggestions for better regulation of DNOs (enabling faster connection times and reduced connection costs etc).
- A number of respondents suggested that changes allowing community projects to sell their generation directly to the community would potentially allow for more cost-effective deployment in this sector.
- Several solar developers argued for the removal of the minimum import price on solar panels as a means of incentivising deployment.

Policy decision following consultation

2.56. DECC does not propose to introduce any additional changes other those outlined in the first chapter in response to this consultation.

2.57. The FIT Review consultation sets out DECC's proposals for the future of the FIT scheme. That consultation addresses a number of the points raised in response to this question. Specifically, it sets out:

- updated generation tariffs based on revised data on technology costs;
- revisions to tariff bands;
- changes to the degression mechanism, to align with deployment caps and ensure tariffs better reflect technology costs; and
- proposals to ensure the scheme is better aligned with grid management.

2.58. We consider that other suggestions put forward do not adequately meet the goal of ensuring deployment under the scheme while continuing to offer value for money; or are not practical to pursue within the scope of this consultation.

Question 4: Reintroducing pre-accreditation for particular groups

Consultation question	348 unique responses
Q4	Are there groups or sectors where it may be appropriate to reintroduce pre-accreditation in the future?

Summary of responses

2.59. There were 348 unique responses to this question.

2.60. The 1606 responses received as part of the campaign organised by Friends of the Earth answered this question with a statement that pre-accreditation should not be removed without focussing on the case for a particular group.

2.61. The 266 responses received as part of the campaign organised by Friends of the Earth Scotland argued that pre-accreditation should not be removed from community projects.

2.62. The 115 responses received in association with the 10:10 Foundation argued that pre-accreditation should not be removed and then reinstated but generally stated support for community groups to have continued pre-accreditation.

Communities

2.63. A large number of correspondents felt that it would be appropriate to reintroduce pre-accreditation for community energy projects. Views were provided by a range of respondents, many of whom represented community groups but also included energy companies, members of the public, environmental groups, and technology developers. Where reasons were stated in support of community groups, common themes were that:

- Community groups find it harder to secure finance than commercial developers and this translated into a need for both more certainty in tariff levels and more time needed to secure finance.
- The speed of decision making in community groups is generally slower than commercial developers. Reasons cited for this were that community groups were typically staffed by volunteers who were unlikely to have experience in developing energy projects or that their organisational structures meant decision making was less agile.
- There are additional hurdles, such as legal requirements, which community groups face and commercial developers do not.

2.64. A limited number of respondents extended some of the above reasons to other groups, particularly SME energy developers and public bodies, such as schools and local authorities.

2.65. Respondents also highlighted other benefits of community energy schemes. Whilst these were not specifically related to the need for pre-accreditation, they focussed on issues such as reinvestment in the local community or further local energy projects, or the fact that community schemes may employ local services during project development, providing investment or jobs often in rural communities.

Technologies

2.66. A smaller number of respondents held a range of views supporting pre-accreditation for various technologies or size of installation. There was a general comment that pre-accreditation should apply to any technology or project with a long lead-in time. Commonly cited reasons for lengthy lead-in times were securing grid connections, environmental permits and planning permission, or that construction times for some projects was weather dependent.

2.67. There were various responses in support of particular technologies. These tended to come from trade associations or specialist technology developers associated with that technology but this was not exclusively the case.

2.68. The most commonly cited technology warranting the reintroduction of pre-accreditation was the hydro sector. Here it was felt that the disproportionately large impact of civil construction works involved in building a hydro scheme compared to other technologies merited a case for tariff certainty over a longer period. It was also reported that the hydro sector has a larger number of SME or community developers than other technologies, which extended lead-in times.

2.69. The AD sector was also cited as an area requiring pre-accreditation due to lengthy lead-in times. Whilst some of the reasons cited for these lead-in times were similar to other technologies, there were technology-specific barriers such as the relative immaturity of the sector or availability of feedstock.

2.70. Some respondents highlighted the need for pre-accreditation in the wind sector. Responses were mostly limited to the smaller-scale wind sector, generally between 50-500kW. Reasons tended to be limited to securing grid connections or the fact that SMEs were concentrated in this sector and merited pre-accreditation for the reasons outlined above.

2.71. Whilst there were some respondents who argued in favour of pre-accreditation for solar projects, these were comparatively limited. Answers tended to focus on supporting solar sector development, rather than building the case for why pre-accreditation was needed.

Size of installation

2.72. A limited number of respondents indicated that the size of installation was more important than the technology when considering for which installations pre-accreditation could be reintroduced. Although various bands were proposed, this was generally split between smaller-scale technologies (c.50-500kW), where it was felt the SME sector was concentrated and needed more certainty, or larger-scale (c.1MW+) where project size and complexity increases the lead-in times.

No specific group

2.73. A comparatively small number of respondents believed that there was no case to bring back pre-accreditation for any particular group due to the distortionary effect this may have on the market. A larger body of respondents reiterated their belief that pre-accreditation should not be removed for any party.

Impact on investor certainty

2.74. Some responses argued that pre-accreditation should not be taken away and then reintroduced at a later date. The most commonly cited reason was that it would have a negative impact on investor certainty and may see projects currently in development fail before any step was taken to

reintroduce pre-accreditation. It should also be noted that some indicated that, whilst removal and reintroduction was not ideal, it was felt that their projects could withstand a period of uncertainty.

Decisions taken since consultation

2.75. As stated above, we have decided to remove pre-accreditation for all FIT applicants, effective from the date the legislation takes effect. The ongoing FIT Review consultation, and the consequential uncertainty over the future of the scheme, means we are not able at this point to commit to reintroducing pre-accreditation following the consultation. However, we will consider the case for reintroducing pre-accreditation either for all projects or for specific groups as part of the FIT Review, if we decide to keep generation tariffs open for new scheme applicants.

Annex A

List of organisations responding to the consultation

In addition to the organisations set out below, there were 79 unique responses to the consultation from members of the public.

350 Strategy Limited
Action with Communities in Rural England
Active Renewables
AGR
Airvolution Energy
Albion Community Power
Amber & Derwent Valley Community Energy
Ancala Partners
Andrew Raven Trust
ANF Consulting
Anglesey Energy Island Community Energy Group
Appin Community Trust
Ardtornish Estate Company and Morvern Community Development Company
Argyll and Bute Council
Atlantic Energy
Awel Aman Tawe Community Energy
Ballachulish Community Company and Glenurquhart Land Use Partnership
Barn Energy Ltd
Bath & West Community Energy
Bath and West Community Energy
Bee Sustainable ltd
Beneco Energy Ltd
Big Issue Invest
Brendon Energy
Brighton Energy Co-op
Bristol Energy Cooperative
British Gas
British Hydropower Association
British Photovoltaic Association (BPVA)
British Sugar
Bro Dyfi Community Renewables
Burton Agnes Stud Company Ltd
Bute Community Power
Cadwyn Clwyd
Calderdale Council
Canal & River Trust
Caplor Energy
Carbon Communities
Cardiff Community Energy
Carmarthenshire Energy
Carter Jonas LLP
Chelwood Community Energy
Cheshire West and Chester Council
Citizen's Advice
Civil Engineering Contractors Association
Climate Right
Climate Works
Community Energy Birmingham
Community Energy Cumbria
Community Energy England
Community Energy Plus
Community Energy Scotland
Community Energy South
Community Energy Wales
Community Heat and Power Ltd

Community Hydro Forum
Community Power Cornwall
Community-owned Energy in Gargrave and Malhamdale
Conergy
Conneco
Consulting With Purpose Ltd
Co-operatives UK
Corin Hughes Limited
Cornwall Solar Panels
Country Land and Business Association Limited
Cumbria Action for Sustainability
D&M Ventures
Dalavich Improvement Group
Dane Valley Community Energy
Derwent Hydro
Derwent Hydroelectric Power
Devon County Council
DJM Consulting
Dorset Community Energy
Dorset Community Energy
Dwr Cymru Welsh Water.
E.On
Earthmill
Eastrington Energy CIC
Ecodyfi
Ecotricity
EDF Energy
Edinburgh Community Solar Co-operative
Elan Global Renewables
Electrical Contractors' Association
Ellergreen Hydro Ltd
Emergya Wind Technologies
Empower Energy
Endurance Wind Power
Eneco
EnerCon
ENER-G Natural Power Limited
Energiekontor UK Ltd
Energy Group GreenTEA- Transition Eynsham Area
Energy Saving Trust
Energy UK
Energy4All
Engena Limited
Esk Energy
ESP Energy
Essex County Council
Essex County Council
Ethex
Evo Energy
eWaterpower
Farm Energy Centre
Farm Power Hydro Ltd
Federation of Small Businesses
Fetlar Developments Ltd
Firglas Ltd
Flourish Partnership
Friends of the Earth England, Wales and Northern Irelan
Frome Renewable Energy Co-operative
Future Biogas
Futurewise Energy
Gaia-Wind
Gamlingay Community Turbine
Generation Community Ltd
Good Energy
Gower Power
Grannel Community Energy
Greater Manchester Centre for Voluntary Organisation
Greater Manchester Community Renewables
Green Highland Renewables
Green Light Energy Solutions
Green Switch Solutions
Greenspan Agency

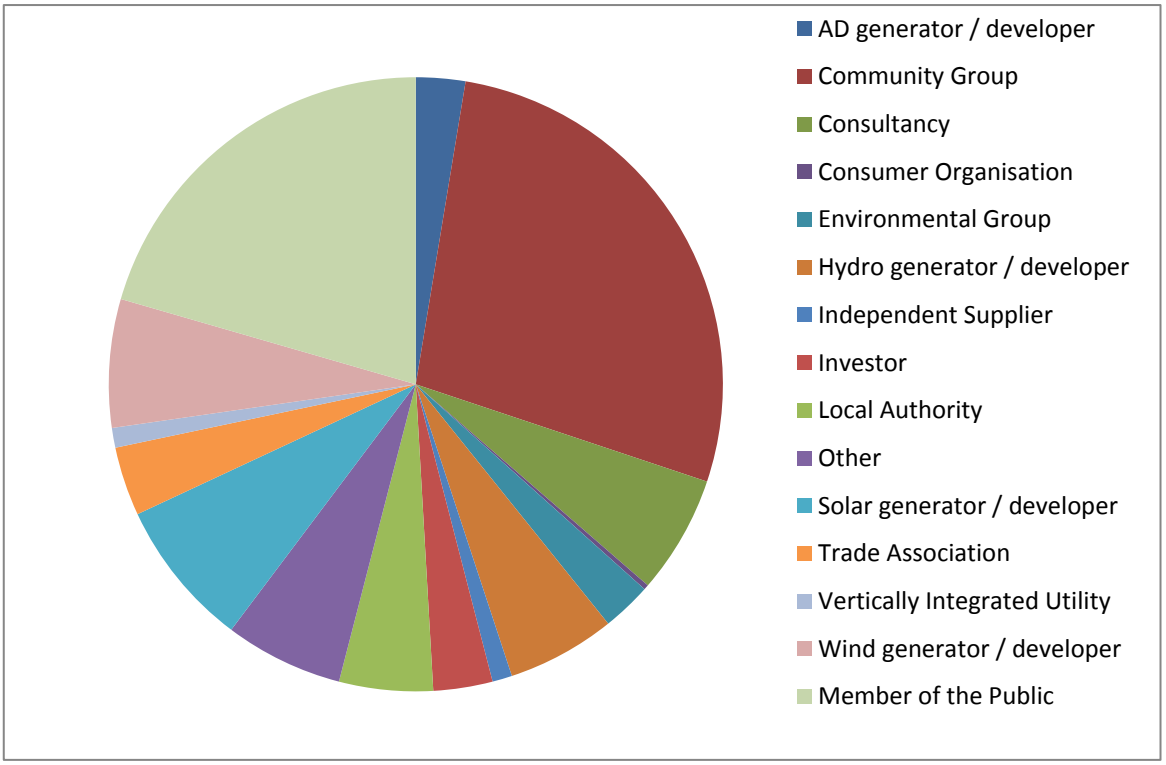
Greentricity Ltd
Gwent Energy CIC
H&H Land and Property
Hackney Energy
Hallidays Hydropower Ltd
Harbury Energy Initiative
Haymaker Energy
Healthy n Happy Community Development Trust
Highland Council
Highlands and Islands Enterprise
HKD Energy
Hoxton Community Energy
Hydro Energy Developments Limited
Hydromatch Ltd
Inazin Power Ltd
Ingenious Clean Energy
Ingleton Wood LLP
Intelligent Land Investments (Renewable Energy) Ltd
Iona Capital
iPower Energy Ltd
Isle of Wight NHS Trust
Islington Council
Ivo Arnús
Jonathan Roper
Juwi Renewable Energies Ltd
Kingfisher plc
Lark Energy
Leicestershire County Council
Lightsource
Llangattock Green Valleys Community Interest Company
Local Energy Scotland
Lochbroom Community Renewables Limited
Locogen
Lomund Energy
Low Carbon
Low Carbon Chilterns Co-operative Ltd
Low Carbon East Oxford
Low Carbon Gordano
Low Carbon Hub
Malvern Community Energy Coop
Marshfield Energy Project
Material Change Limited
Mears Group
MEG Renewables
Melness & Tongue Community Development Trust
Micro Hydro Association
Mongoose Energy
Moor Sustainable CIC
Mor Hydro Ltd
MORE Renewables
Mull and Iona Community Trust
My Green Investment (CIC)
Naet-Co Ltd
Nafferton Wold Farms Ltd
Narec Distributed Energy
National Farmer's Union
National Housing Federation
National Trust
Nextenergy Capital Group
NHS - Carbon & Energy Fund
North Ayrshire Council
North East Cheshire Community Energy
North Wales Hydro Power
Northern Hydropower
Northern Power Systems
Octopus Investments
Offgrid Power Wind
Ogin International B.V.
Oldham Council
Open Energi
Open Space

Oxford City Council
Partneriaeth Ogwen
Peel Energy Limited
Pennine Community Power Ltd
PL21 Transition
PlanET Biogastechnik GmbH
Plymouth Energy Community
Pomona Solar Cooperative
Power from the Landscape
Proterra Energy
Pure Energy Professionals Ltd
Pure Leapfrog
Push Energy
Raasay Development Trust
Rail Delivery Group
REA (Renewable Energy Association)
Reading Hydro Project
Regen SW
Renewable Energy Association
Renewable Energy Association Biogas Group
Renewable UK
Renewables Unlimited LLP
Repowering London
Rob Heap Consulting Ltd
Robert Owen Community Banking
Rochdale Council
RWE Innogy UK
SBC Renewables
Scientists for Global Responsibility
Scottish Community Energy Coalition
Scottish Federation of Housing Associations
Scottish Power
Scottish Renewables
Scottish Water
Severn Trent
SFW Communications
Sharenergy
Sharenergy Co-operative
Sheffield Renewables
Shrewsbury Hydro
SLR Consulting
Smartest Energy
Snowdonia Hydro
Solar PV Partners and Empower Energy
Solar Trade Association
Solarcentury
Solstice Renewables
South Brent Community Energy Society
South East London Community Energy
South Gloucestershire Council
South Hill Association for Renewable Energy
South Somerset Council
Southampton City Council
Southern Staffordshire Community Energy Ltd and Chas Community Solar Ltd
Sunamp
Suncredit
Sunrise Community Energy
Sustainable Charlbury
Sustainable Crediton
Sustainable Energy 24
Sustainable Hockerton Ltd
Syzygy Renewables Limited
Tamar Energy
Tamar Energy Community
Techfor Energy
Teddington and Ham Hydro
TEG Biogas (Perth) Limited
Telecom Plus PLC
The Abbey Group
The Anaerobic Digestion and Bioresources Association (ADBA)
The Environmental Association for Universities and Colle
The Green Valleys CIC

The Renewable Energy Foundation
The Resilience Centre
Thurrock Council
Totnes Renewable Energy Society
Transition Bath
Transition Newton Abbot
Trees for Life
Trillion Fund
Tring Community Energy
Triple Point
Two Valleys Community Energy
UK Sustainable Investment and Finance Association
United Utilities
University of Reading
Urban Wind
Urban Wind
VG Energy
Village Power CIC
Welsh Government
Welsh Green Party
Wemyss Renewables
West Solent Solar Cooperative
Westmill Solar Cooperative
Wiltshire Clean Energy Alliance
Wiltshire Council
Wiltshire Wildlife Community Energy
Wivey Energy
Woodborough Park Farm
Wrexham Energy Group
Yealm Community Energy
Yingli Green Energy
Ynni Anafon Energy Cyf
Ynni Cymunedol Talybolion C B C
York Community Energy
Yorkshire Energy Partnership
Yorkshire Hydropower Ltd
Zouk Capital

Unique responses – breakdown by respondent type

AD generator / developer	2.6%
Community Group	27.5%
Consultancy	6.23%
Consumer Organisation	0.26%
Environmental Group	2.6%
Hydro generator / developer	5.71%
Independent Supplier	1.04%
Investor	3.12%
Local Authority	4.94%
Other	6.23%
Solar generator / developer	7.79%
Trade Association	3.64%
Vertically Integrated Utility	1.04%
Wind generator / developer	6.75%
Member of the Public	20.5%



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