



Proposed changes to the Feed-in Tariffs for small-scale solar PV.

Very important information for all solar PV companies

Dear REAL Assurance Scheme member,

I am writing to you to as a solar PV company to communicate some very important information from the Government and to explain what it means for you. Please read this email very carefully.

The Government yesterday published proposals to introduce new Feed-in Tariff rates for PV systems with a total installed capacity of 250 kW or less. The Government is proposing that these tariffs are implemented from 1 April 2012 but apply to all solar PV installations with an eligibility date of on or after 12 December 2011.

The eligibility date is the date on which the FITs licensee receives the consumer's request for FiT registration of a commissioned installation, which must include a valid MCS certificate. DECC will be recommending that consumers use special delivery so they have proof that their licensee has received their application and MCS certificate prior to the reference date.

These proposals are set out in a consultation document. The consultation will run from today, ending on 23 December 2011. Instructions for responding to it are contained in the consultation document.

www.decc.gov.uk/en/content/cms/consultations/fits_comp_rev1/fits_comp_rev1.aspx

The Government is proposing the following rates for solar PV from 1 April 2012:

up to 4 kW 21p/kWh
4 – 10 kW 16.8p/kWh
10 – 50 kW 15.2p/kWh
50 – 250 kW 12.9p/kWh

An important element of the proposals is the inclusion of the 12 December 2011 reference date. This would mean that any new solar PV installations with an eligibility date on or after 12 December 2011 will receive the current tariff rate in respect of generation up to 31 March

2012, but in respect of generation from 1 April 2012 they will receive the new, lower tariff rate.

The Government's consultation also includes proposals for a new energy efficiency requirement for FITs for solar PV and new multi-installation tariff rates for aggregated solar PV, including systems installed as part of free solar PV schemes. It is proposed that both these changes will apply to new PV installations with an eligibility date of on or after 1 April 2012. The export premium remains at 3.1p/kWh.

Final decisions following the consultation are expected to be announced by early February following the end of the consultation. Until then, for the purposes of your business and ensuring that your customers are able to make properly informed decisions, you should assume there is likelihood that proposals will be adopted in full in their current form.

The next four months of transition will be a challenging time for us all. The REAL Assurance Scheme will work with you to help manage the transition in any way we can. The Government is making available information for installers and consumers through the Energy Saving Trust website (www.energysavingtrust.org.uk/FITsreview) and Helpdesk (0800 512 012). Your MCS certification body and the MCS Helpdesk (020 7090 1082) will also be on hand to assist you to manage the transition.

We need you to play your part in ensuring that all consumers are given the correct information about what the Government is proposing and about how it will affect them. The attached document has been prepared by DECC to explain to consumers what they need to know about the proposed changes. We strongly suggest you provide this factsheet to consumers and give them a chance to read it carefully before they sign a contract. You must ensure that, going forward, you do not sign a contract with a consumer for solar PV without first making him or her fully aware of the impact the new tariffs will have.

To achieve this effectively you will need to brief all your consumer-facing staff and in particular any sales representatives you employ or who work on your behalf. You will also need to review as a matter of urgency all your printed materials and your website. We will treat any reports of mis-selling very seriously indeed.

The Government has explained that 12 December is 6 weeks from the date the consultation was launched. This is to allow those who have already paid a deposit a reasonable period to have their installation completed, and to apply for the Feed-in Tariff. You should therefore do all you can to ensure that existing installation dates are honoured; and, where these are scheduled for after the beginning of December, to bring them forward if you can.

Greg Barker, Minister of State for Energy and Climate Change, commented on the importance of this today:

"It's crucial that the public has confidence in the FITs scheme at this time. The public need an industry they can rely upon. From day one, there have been strict rules through the Microgeneration Certification Scheme and the REAL Assurance Scheme Consumer Code to

which you have all signed up. I urge you to remember your commitments to the public during this period.”

In particular, please be aware that, in line with the Code:

- It is essential that all information you provide to consumers about possible financial returns is accurately calculated. The Energy Saving Trust has updated its Solar Energy Calculator to help you do this: <http://www.energysavingtrust.org.uk/Generate-your-own-energy/Solar-PV-electricity-panels/Solar-Energy-Calculator>.
- You are responsible for ensuring that any sales leads you obtain from third parties, such as quote generators, cold callers or sales companies, have been obtained in a manner fully compliant with the Code.
- You must ensure that all deposits and advance payments are fully insured and placed in a third party client account.
- If a consumer wants to waive its cooling off period you must ensure that they sign a confirmation that they have understood the full implications of this.
- If a consumer has signed a contract and agreed to an installation date which you are unable to meet, and this materially affects the tariff level s/he receives, you must offer and provide a full refund.
- You provide all consumers with a workmanship guarantee for their installation and it must be fully insured, either by you or by the consumer.
- You must not withhold the MCS certificate once an installation is complete even if you have a disagreement over payment as any delay could materially affect the tariff level the consumer receives.

We have set up a special link on our website where we will make available all the relevant information you will need (<http://www.realassurance.org.uk/fit-changes>).

The MCS has today published the revised and clarified MCS 001 Installer Certification Scheme Requirements for information. The revised standard will take effect on 1 December 2011. Please ensure you study the revised standard so you are aware of the implications it will have for your business.

Please bear in mind that, under MCS 001, you are required to notify your Certification Body within 30 days of any changes to your business or staff that could affect the conditions under which you were certified.

With best wishes,

Virginia Graham,
Chief Executive.

