



**Department  
of Energy &  
Climate Change**

**The Rt Hon Edward Davey MP**  
Secretary of State

**Department of Energy & Climate Change**  
3 Whitehall Place,  
London  
SW1A 2AW

Maria McCaffery  
CEO  
Renewable UK  
Greencoat House  
Francis Street  
London  
SW1P 1DH

[www.gov.uk/decc](http://www.gov.uk/decc)

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Dear Maria,

Thank you for your organisation's recent engagement with DECC, requesting further detail of the Government's policy on grace periods for onshore wind associated with the Onshore Wind Call for Evidence on costs.

We recognise that the Call for Evidence process creates additional uncertainty for specific projects, and have put in place measures to mitigate this uncertainty.

Our policy for grace periods aims to protect onshore wind projects from a fall in support where significant financial commitments have been made. This policy was set out in the Renewables Obligation (RO) Banding Review Government Response, and again in the Call for Evidence documents themselves. This policy remains, along with the assurances that any tariff change would not be implemented before April 2014, and that the Government's existing grandfathering policy would remain in place.

Should the Call for Evidence result in a new Banding Review, which leads to a change in tariffs, we would expect to protect from a fall in support any projects where significant financial commitments had been made. Any proposed change in tariff, and associated protections, such as the grace period policy, would be subject to the usual RO consultation processes and state aid clearance. Associated protections, including grace periods, have been proposed and successfully introduced following previous changes to the RO. As part of the eligibility criteria for a grace period in such circumstances we would propose to require from projects evidence of:

- Relevant Planning Consents (such as a Development Consent Order issued under the Planning Act 2008, consent under section 36 of the Electricity Act 1989 or planning permission under the relevant section of the Town and Country Planning Act 1989) that permit the construction and operation of the relevant development;
- A signed grid connection agreement which states a grid connection date falling within the original window of the RO Band (2013-17);

- Financial commitment (e.g. letter of credit, guarantee, deposit, binding contract with evidence of down-payment) in relation to turbine orders securing delivery so that the dates for project commissioning fall within the original window of the RO Band (2013-2017);
- A letter from a company board, investment committee or project finance providers attesting to the fact that they have committed to finance the project subject to ordinary course conditions precedent, which have a reasonable expectation of being met. Such letter would have to be signed by Directors with due authority and state that the information provided is true and accurate in all material respects.

We would expect onshore wind projects to provide evidence that all of the above criteria were met before the date on which the ROC rate change was implemented, and for the projects to commission and obtain accreditation under the RO before 1 April 2017. As a result of the grace period the eligible projects would accredit at the rate applying before the ROC rate change was made.

As you are aware, the RO will close to new generation on 31 March 2017. Between the introduction of Contracts for Difference (CfDs) in 2014 and that closure, new generation will have a choice between the two mechanisms. The EMR White Paper, published in July 2011, set out our intention to provide grace periods for the RO closure date. Our preferred option for these grace periods is set out in Annex D of that White Paper and we will consult on the detail in the course of this spring.

Finally, you will note that the RO is a devolved mechanism and the provision of grace periods in respect of the Scottish RO or Northern Ireland RO is a matter for those administrations. However, they have indicated that – should their ministers accept that the recent call produces evidence which justifies a review – they would consult on the same basis as England and Wales.

A handwritten signature in black ink, appearing to read 'Edward Davey', with a horizontal line underneath.

**EDWARD DAVEY**