



Department
of Energy &
Climate Change

Consultation on the transferability of building-mounted solar PV installations

14D/388

25 November 2014



Department of Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW

Telephone: 0300 068 4000

© Crown copyright 2014

Copyright in the typographical arrangement and design rests with the Crown.

This publication (excluding logos) may be re-used free of charge in any format or medium provided that it is re-used accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the publication specified.

For further information on this consultation, contact:

Renewables Financial Incentives Team,
Department of Energy & Climate Change,
2nd Floor Area C,
3 Whitehall Place,
London, SW1A 2AW
Tel: 0300 068 5404
Email: solarpv.consultation@decc.gsi.gov.uk

The consultation and Impact Assessment can be found on DECC's website:

<https://www.gov.uk/government/consultations/transferability-of-building-mounted-solar-pv-installations>

Published by the Department of Energy and Climate Change

Contents

Contents.....	4
General information.....	5
1. Executive Summary	7
2. Context.....	8
3. The transferability of building-mounted solar PV installations	9
The Problem	9
Proposed Policy.....	9
Consultation Questions.....	11

General information

Purpose of this consultation:

This consultation seeks the views of solar industry stakeholders and the public on a proposal to remove a barrier to the deployment of building-mounted solar by allowing this kind of installation to move location and remain eligible for the Feed-in Tariff.

Issued: 25 November 2014

Respond by: 5 January 2015

Enquiries to:

Renewables Financial Incentives Team,
Department of Energy & Climate Change,
2nd Floor Area C,
3 Whitehall Place,
London, SW1A 2AW
Tel: 0300 068 5404

Email: solarpv.consultation@decc.gsi.gov.uk

Consultation reference: URN 14D/388 – Consultation on the transferability of building-mounted solar PV installations

Territorial extent:

Great Britain: England, Wales and Scotland only.

How to respond:

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Responses should be emailed to solarpv.consultation@decc.gsi.gov.uk

Additional copies:

You may make copies of this document without seeking permission. An electronic version can be found at <https://www.gov.uk/government/consultations/transferability-of-building-mounted-solar-pv-installations>

Other versions of the document in Braille, large print or audio-cassette are available on request. This includes a Welsh version. Please contact us under the above details to request alternative versions.

Confidentiality and data protection:

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the consultation. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

We will summarise all responses and place this summary on the [GOV.UK website](#). This summary will include a list of names or organisations that responded but not people's personal names, addresses or other contact details.

Quality assurance:

This consultation has been carried out in accordance with the [Government's Consultation Principles](#).

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

DECC Consultation Co-ordinator
3 Whitehall Place
London SW1A 2AW
Email: consultation.coordinator@decc.gsi.gov.uk

1. Executive Summary

- 1.1. Deployment of mid-scale commercial and industrial building-mounted solar PV has been low in the UK given the potential market size. As capacity exceeds 50kW Feed-in Tariff (FIT) data shows that deployment of other-than-stand-alone solar declines significantly.
- 1.2. As set out in the Solar Strategy 2014, the government is keen to address this issue to ensure the UK is able to benefit from the advantages delivered by building-mounted installations, including reduced pressure on the grid and the relatively larger number of jobs the sector supports.
- 1.3. One barrier to deployment of mid-scale commercial and industrial building-mounted solar is that a FIT accredited installation is required under the current regime to remain in the same position for the 20 year duration that it receives payments. This can act as a deterrent to deployment for landlords or tenants who cannot guarantee to have ownership or lease of the building for the full 20 years.
- 1.4. This policy seeks to mitigate this risk for landlords or tenants by allowing them to transfer their solar installation to a new location if they need to. This will increase the flexibility of the scheme and increase investment attractiveness, which will in turn increase deployment of building-mounted solar PV.
- 1.5. The transferability of an accredited installation will be subject to a number of conditions which will prevent gaming of the system and minimise the costs of administration, which in turn will ensure the best value for money for consumers.

2. Context

- 2.1. The Solar PV Strategy¹, which was published in April 2014, has as its central theme, the policy intention to increase deployment of Solar PV on the country's large number of commercial and industrial scale rooftops. This will deliver a number of advantages and, as the strategy states, "PV installed on buildings allows the electricity to be both generated and used on site, giving benefits such as reduced electricity bills and, by reducing pressure on the grid, scope for greater overall levels of deployment and lower distribution losses."
- 2.2. Growth in the commercial and industrial scale rooftop market has been below levels of performance in other European countries, and there is potential for significant growth in the UK. Therefore, in order to stimulate this market, the Solar Strategy 2014 set out a number of actions that are intended to remove barriers to solar PV deployment in this scale including considering 'whether businesses that relocate to a new site should be able to take their existing installations with them and retain eligibility for the Feed-in Tariff'.
- 2.3. The 20 year timescale over which FIT payments are made is several times the typical rental period in business accommodation, which averages at less than 6 years for all leased premises, but with longer lease periods for larger installations. Therefore, building owners who deploy PV are taking risk, as FIT installations cannot be moved from the buildings on which they accredit, and they may not be able to secure tenants in the future or future tenants may not be willing to keep the solar panels. The current policy also limits a building owner's ability to redevelop or modify the building or site for the same reason. Similarly, this risk can act as a disincentive to deployment for building tenants who are unlikely to purchase solar panels for a building they cannot guarantee to rent for the entire period that they are eligible to FIT payments.
- 2.4. This proposal looks to allow PV facilities to be moved between buildings, without loss of FIT payments, except for during the moving period. This will provide greater certainty of the return on investment, hence allowing landlord and tenant to deploy increased levels of solar PV.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/302049/uk_solar_pv_strategy_part_2.pdf

3. The transferability of building-mounted solar PV installations

The Problem

- 3.1. The FIT scheme currently provides financial incentives over a 20 year period. An installation will only receive payments as long as it stays in a single, unchanged location for the duration of the 20 year period. This affects 2 groups of potential developers in different ways:
- a) **Tenants** of industrial and commercial buildings are not incentivised to construct a building-mounted solar PV installation as they do not own the building and cannot guarantee that they will remain in their current premises for the 20 year term that they are entitled to FIT payments.
 - b) **Building owners**, whether they rent the building out or not, are taking on a risk if they install solar PV panels as they may have to move premises or want to redevelop their property before the 20 year term that they are entitled to FIT payments is up. In general, the income that a solar installation generates is not the primary purpose of a landlord's business and is a small portion of the value of the estate, so this risk is increased as it is unlikely that the landlord will make property decisions based on the income from solar panels.

Proposed Policy

- 3.2. The government proposes, subject to the conditions outlined below, that the owners of mid-scale building mounted solar installations would be allowed to transfer their installation from one location to another. Allowing FIT installations to move sites and remain entitled to FIT income would:
- a) Increase the flexibility of the scheme.
 - b) Decrease investment risk and increase investment attractiveness for investors. For example, the policy reduces uncertainty surrounding the returns on a landlord's investment as they will still be entitled to FIT payments if they have to unexpectedly move or if they build an installation on a temporary structure.
- 3.3. Additionally, the removal of the existing transferability barrier and corresponding risk may also have a positive impact on the debt-side by enabling a greater proportion of landlord investors to access alternative financing structures (e.g. asset finance) that have remained elusive or too expensive so far.
- 3.4. We do not propose to introduce transferability for installations under 50kW. The costs of transferring an installation at <50kW will be proportionally larger than for those that are >50kW. Consequently, we believe transferability would not prove viable for these installations. In addition, allowing transferability for installations <50kw would result in a significant administrative burden for the Feed-in Tariff scheme, thereby increasing costs. The Royal Institute of Chartered Surveyors (RICS) is currently working to include solar PV in the valuation of domestic properties. We believe this will prove a more

effective way of mitigating the risk associated with other-than-stand-alone deployment at this scale.

Conditions for Transferability

- 3.5. To ensure that this alteration to the Feed-in Tariff has the intended effect and to avoid gaming of the system, we are looking to implement the change with the following conditions:
- a) **The installation must remain the same size and be entitled to either the same or a lower tariff.** This will ensure that transferability will not enable installations to move and either receive a greater level of subsidy or reduce the carbon savings significantly, securing the best value for money for consumers. If an installation <250kW moves to a building that does not meet the energy efficiency requirement of an Energy Performance Certificate of band D or above then it will qualify for the lower rate. If extra capacity is added during the transfer then it will be treated as an extension by Ofgem.
 - b) **The installation must continue to be classed as other-than-stand-alone.** The policy intention is to promote the construction of building-mounted solar and to remove a barrier to investment that has obstructed its uptake.
 - c) Developments that are already in place have been installed regardless of the risk of the installation not being in operation for the full 20 years that they are entitled to FIT payments, so a retrospective change would not be consistent with the aim of the proposal. **Transfers would only be allowed for installations whose eligibility date is on or after the date the legislation comes into force.**
 - d) To allow sufficient time for the new processes to be put in place and to make the scheme easier to administer, **an installation would not be able to transfer location in the first 5 years that it is entitled to FIT payments.** We think this is an acceptable criterion as only a very small number of installations will want to move in the first five years.
 - e) **Payments will not be made during the transfer and there will be no extension to the facility's entitled FIT payments period to compensate for this.** This will make the scheme easier to manage, reducing costs and fraud risks. In addition this will encourage installations to be completed in a timely manner.
 - f) **Any proposed transfer must secure planning permission and have grid connection acceptance in advance of the move.** This is in line with the current requirements for any installation deploying under the FIT scheme.
 - g) **Where the installation formed part of the building it was originally attached to's compliance with the building regulations' new build energy performance requirements then the transfer will not be allowed.**
 - h) **As a condition of approval for continuing to qualify for FITs, the owner of the transferring solar PV installation will be liable to pay for a new energy performance certificate for the building they are removing it from that shows the energy rating of the building without the PV installation,** excluding instances where the building is to be demolished or where the panels have been removed for remodelling.
 - i) **The owner of the transferring solar PV installation must inform the local planning authority of their intention to transfer** and must carefully consider if

the removal of the installation could breach a condition or limitation, subject to which planning permission has been granted. If a breach of planning control occurs it may be the subject of enforcement action by the local planning authority.

Administration Process

- 3.6. The installer would be required to write to Ofgem stating when they are planning to move and the proposed new location, accompanied with a signed form that they have read and understand the conditions required to remain entitled to the Feed-in Tariff. At this point they must also inform their local planning authority of their intention. Subject to the appropriate primary legislation being put in place, an appropriate fee will be set by Ofgem on a cost recovery basis to ensure that other generators do not end up subsidising building mounted solar deployment. An application will only be processed once payment has been received by Ofgem.
- 3.7. Ofgem will reply to approve the movement of the installation provided that the information received is accurate and appropriate. After an installation moves they will need to apply again to Ofgem to accredit at the new location and include the new Energy Performance Certificate of the building they removed the installation from.
- 3.8. When the installation successfully accredits the owners will be back paid to the date that they applied for accreditation at the new location. The installation will not, however, receive payments for the period between removing the installation and reaccrediting and nor will it be entitled to an extension to the date of the final FIT payment.

Next Steps

- 3.9. Following careful consideration of the responses and evidence received, we aim to publish our decision as soon as possible after the consultation closes on 5 January 2015.
- 3.10. Subject to consultation, the Parliamentary process and state aid considerations we intend to introduce these changes through legislation next year.

Consultation Questions

Consultation Questions	
1.	Do you agree that the policy proposal, as set out above, will have the desired effect of increasing the deployment of building-mounted solar PV? If not, please be specific as to the effect that you think this change will have.
2.	Do you agree with the estimated impacts of this proposal on deployment, as set out in the impact assessment? If not, please be specific as to how you think the impacts would differ. In order to help us improve our impact analysis we would be grateful for responses on the following questions: <ol style="list-style-type: none"> a) What percentage of installations and deployment do you think will move if we implement transferability? When do you think this is likely to take place in the 20 year FIT guarantee period? b) What is your estimate of the removal and relocation costs businesses face?

	<p>c) What monetary value would you place on the benefits to the FIT recipient of a solar PV installation? Please explain your estimate.</p> <p>d) Do you agree with our assumptions made in the Impact Assessment. If not please explain which you are not comfortable with and why, and suggest an alternative value to use.</p>
3.	Do you agree with the conditions for transferability? If not, please specify the conditions that you object to and outline your reasoning. Should any additional conditions be considered?
4.	Do you agree with the administrative process for this proposal? If not, please specify which element of it you disagree with.

