



Government response to the Consultation on a change to the Feed-In Tariff for Hydro

Addressing consequences arising from a previous Feed-In Tariff change

Introduction

On the 1st of April 2014 Government published a consultation proposing amendments to the Feed-in Tariffs scheme (FITs scheme) to address an anomaly that resulted from the introduction of a new tariff band and rate for 100kW to 500kW hydro installations, alongside the introduction of the ability to apply for preliminary accreditation. The consultation ran for four weeks.

A total of eight responses were received to the consultation. DECC is grateful to respondents for taking the time to reply.

Decision

Following careful consideration of all the responses received, Government has decided to proceed with the policy change as set out in the consultation document. This change to the Feed-In Tariff Order 2012 ("the Order") is considered appropriate on this occasion to correct an anomaly which was the result of a specific set of circumstances. In particular, a new tariff band and rate for 100kW to 500kW hydro installations was introduced, subject to state aid approval, alongside the pre-accreditation process.

However, as set out in the consultation document, taking action on this occasion does not affect our position that responsibility rests with stakeholders to be aware of changes in policy and legislation, as well as the implications of those changes for application dates and tariff rates. Those looking to participate in Government incentive schemes are responsible for ensuring that they understand the relevant regime under which they apply.

The modification to the Order (amended to reflect comments received in response to the consultation) will be laid before Parliament in due course. Subject to the Parliamentary process, the amendment will come into effect in mid July.

Summary of responses received

Question: Do you agree or disagree with this proposed change? Please give reasons to support your answer.

Six responses were received in support of the proposed policy change, including on the basis that confusion had resulted and a precedent would not be set for 'ad hoc legislative changes'. Two of these respondents also called for further flexibility around implementation of the Feed-In Tariff scheme, particularly in relation to the rules on preliminary accreditation and degression, and requested that further changes be considered when required to help support the hydro sector.

The remaining two respondents were not in favour of the proposal on the grounds that this policy change should not be a priority for the use of resource (in the case of one respondent, because of broader concerns around the application of preliminary accreditation and degression rules to hydro installations), and because of the precedent set by making this change.

Government will consider whether the broader issues raised in the consultation responses can be included as part of a wider review of the Feed-In Tariff scheme, which is likely to take place in 2015, and is working with industry to explore these issues.

List of respondents

- British Hydro Association
- Community Energy Scotland
- Energy UK
- Iona Community Council
- Three responses were received from individuals associated with the Mull and Iona Community trust
- One confidential response was received