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7 July 2014

Consultation on changes to financial support for solar PV:
Part A: Controlling spending on large-scale solar PV within the Renewables Obligation
Part B: Promoting the deployment of midscale building-mounted solar PV in the Feed-in Tariff scheme

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

We have summarised our key messages below:

- EDF Energy supports the proposal to close the Renewables Obligation (RO) early to solar PV projects above 5MW in scale from 1 April 2015. This is preferable to a capacity or supplier cap for solar PV.
- EDF Energy recommends that to deliver the policy intent there should be a set of rules in place to ensure projects are not divided into sub 5MW schemes.
- EDF Energy supports the grace periods for solar PV to ensure investors are not disadvantaged if they have made significant progress towards a Financial Investment Decision prior to 13 May 2014.
- EDF Energy supports the proposal not to exclude large-scale solar from the Government's RO grandfathering policy. This is in-line with the current policy decision and provides investor confidence in the grandfathering policy.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact [redacted]

I confirm that this letter and its attachment may be published on DECC's website.

Yours sincerely,

[redacted]

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Attachment

Consultation on changes to financial support for solar PV

EDF Energy's response to your questions

Part A: Controlling spending on large-scale solar PV within the Renewables Obligation

Q1. Do you agree with our projections for the amount of new solar PV capacity likely to deploy under the RO by 1 April 2015, and our deployment assumptions for 2015/16 and 2016/17? Please give reasons and provide evidence to support your answer.

EDF Energy does not have sufficient data on solar PV deployment rates under the RO to provide an assessment of the deployment assumptions stated in the consultation. Also, the Renewable Energy Planning Database (REPD) does not distinguish between ground-mounted and building-mounted solar PV which further restricts the required analysis.

We would suggest that DECC ensure that they make full use of all relevant data held by the Office for Renewable Energy Deployment (ORED) and also communicate with, Ofgem and the solar industry, to ensure the data underpinning the deployment assumptions as presented in the consultation is as complete and accurate as possible.

Q2. Do you agree with the proposal to close the RO early to solar PV projects above 5MW in scale? Please give reasons for your answer.

EDF Energy supports measures to control budget spend on rapidly deployable technologies such as large-scale solar PV projects in order to ensure cost control for the Government and affordability for consumers.

Ensuring that the Levy Control Framework (LCF) is effectively managed is important to ensure that some technologies are not unfairly disadvantaged through other technologies deploying rapidly, reducing the total amount of support available under the LCF.

EDF Energy supports the consultation proposal to set a closure date of 1 April 2015 for large scale ground-mounted solar PV projects above 5MW under the RO. We consider that solar PV projects of this scale are sufficiently established in the UK to compete for funding under the Contracts for Difference (CfD) support mechanism once it is operational. This will deliver further competition in the sector.

Maintaining investor confidence when altering support schemes
Project developers require a stable policy framework to allow for investment in the electricity generation sector. If further alterations are made to the planed closure of the RO to solar PV larger than 5MW (or any other technology under the RO) then sufficient notice and grace periods need to be applied to ensure investor confidence is not dampened.

Q3. Do you agree with the proposal not to close the RO to solar PV projects of 5MW and below? Please give reasons and provide evidence to support your answer.

EDF Energy supports the proposal not to close the RO to solar PV projects under 5MW. The majority of forecast deployment as set out in the consultation document is above the 5MW threshold with projects under 5MW making up a substantially smaller amount of this capacity.

To deliver the policy intent, we consider that as with the small-scale FIT scheme, there should be a set of rules in place to ensure projects are not divided into sub 5MW schemes.

Q4. Do you agree with the proposed grace periods and the date from which eligibility would apply, i.e. 13 May 2014? Please give reasons and provide evidence to support your answer.

EDF Energy agrees with the proposed use of grace periods which will help to ensure that investors are not disadvantaged if they have already made significant progress towards a Financial Investment Decision (FID). It is also important that the principles for grace periods are clearly set out to allow those investing in other technologies under the RO to analyse the level of risk to their projects.

Grace periods should reflect project deployment lead times to protect developers who have already made significant financial commitments. In the case of solar PV, where lead times are normally short, we believe that the proposed eligibility date of 13 May 2014 does provide an adequate lead time ahead of the closure date of 31 March 2015. We therefore support the proposed eligibility date.

Q5. Do you agree with the proposed forms of evidence to demonstrate eligibility for the grace period? Please give reasons and provide evidence to support your answer, specifying the form(s) of evidence to which each comment relates.

EDF Energy believes that the evidence to demonstrate eligibility for grace periods should reflect the principles that are set out in the Government's response to the RO transition to CfD consultation on 12 March 2014.

Due to the early closure of the RO only applying to a single technology, the forms of evidence should also reflect the specific characteristics of Solar PV.

Q6. Do you agree with the proposals not to introduce a capacity or supplier cap in the RO on solar PV projects above 5MW in scale? If you think that either a capacity or supplier cap would be a more effective means of controlling costs from this technology, or whether you would prefer a cap, please indicate which along with your rational and any supporting evidence.

EDF Energy does not support a capacity or supplier cap for solar PV as these options offer less confidence to developers than the proposed end date for support of 1 April 2015.

A supplier or capacity cap does not provide sufficient levels of certainty in regard to when capacity will be reached which would not allow the developer to accurately determine the likelihood of their project obtaining full accreditation under the RO.

This has been observed in the use of a 400MW capacity cap for new dedicated biomass (NDB) under the RO which to date has led to less than 80MW being filled based on the DECC database for NDB projects under the RO. The uncertainty of securing a place in the cap for biomass project developers has led to larger new dedicated biomass projects considering the CfD route where their technology meets the eligibility requirements for CfD support.

The risk for Solar PV projects in a capacity cap arrangement under the RO would be a race to capture support prior to the cap being filled given the fast deployment times for a solar PV project of 6 to 18 months. The volume of projects applying to capture a place in the capacity cap would prove to be administratively challenging for DECC if they were to use a similar 2-step verification process as they have done for NDB projects.

The proposed end date will allow developers to determine the likelihood of securing an RO contract based on their own project time table. In the situation where a company determines that their 5MW or greater solar PV project will not be finalised in time to enter the RO then they can consider applying for support under a CfD.

Q7. Do you agree with the proposal not to undertake a banding review on the solar PV bands with respect to projects above 5MW in scale? If you think that a banding review would be a more effective means of controlling costs from this technology, please give reasons and provide evidence to support your answer.

EDF Energy agrees with the proposal that the Government does not undertake a banding review on the solar PV bands with respect to projects above 5MW in scale.

EDF Energy has observed, through the high deployment seen to date, that DECC's previous attempts to set solar PV bands have resulted in support levels being set too high because of rapid changes in costs. With the cost of solar PV proving hard to predict, there is the danger that any RO banding could be out of date by the time it is applied meaning further changes would be required.

Under the CfD, solar projects will be categorised as established and therefore subject to competitive allocation from the outset of the scheme. This will ensure that large solar PV bids in at competitive price that reflects the technology costs at the point when the auction is taking place.

Q8. Do you agree with the proposals not to change the conditions for a banding review and not to exclude new large-scale solar PV from our grandfathering policy? Please give reasons and provide evidence to support your answer, specifying to which proposal your comment relates.

EDF Energy agrees with the Government's proposals not to change the conditions for an RO banding review. These provisions apply to all technologies under the RO and therefore there could be unintended consequences on other RO technologies.

We also agree that large-scale solar should not be excluded from the Government's RO grandfathering policy. This is in-line with the current policy decision and therefore in keeping with the need for stability in the RO and maintaining investor confidence in the grandfathering policy.

Part B: Promoting the deployment of midscale building-mounted solar PV in the Feed-in Tariff scheme

Q9. Do you agree that creating new degression bands as suggested will encourage more building-mounted solar PV deployment and allow continued steady deployment of stand-alone solar PV installations? Please provide evidence to support your answer.

EDF Energy agrees in principle that applying a higher capacity threshold for the degression trigger to "other than stand-alone 50kW" should encourage deployment over "stand-alone" solar PV installations. However, there is, as yet, insufficient data to determine whether these proposals will achieve the intended result and we believe that further data and analysis is needed before making a change.

We would urge that DECC and Ofgem make every effort to be transparent and consistent in the process and methodology used to make any operational changes to the degression process. This will enable suppliers to limit the impact when making the relevant changes to their own systems and models.

Q10. Do you agree that using the 'stand-alone'/'other than stand-alone' descriptions as the basis for the new degression bands will achieve the aim of increasing deployment of building-mounted solar PV? Please provide evidence to support your answer.

EDF Energy agrees that using the 'stand-alone'/'other than stand-alone' descriptions as the basis for the new degression bands will, in principle, support the aim of increasing deployment of building-mounted solar PV. However, there is, as yet, insufficient data to determine whether these proposals will achieve the intended result and we believe that further data and analysis is needed before making a change.

Q11. Do you agree that the proposed split for the degression triggers for the stand-alone and >50kW other than stand-alone bands is appropriate? Please provide evidence to support your answer.

EDF Energy agrees with the statement in the consultation *" that there is considerable uncertainty about future overall levels of stand-alone deployment, given that projects of this scale are able to, and under the proposals outlined in this document will remain able to, deploy under either the RO or FITs. "*

At present, it is therefore not possible to comment on the proposed split for the degression triggers due to the lack of available data.

Q12. Do you agree with the proposed dates from which the new degression bands could apply (for both October 2014 and January 2015)? Please give reasons and provide evidence to support your answer.

EDF Energy does not believe it is currently possible to comment on the suitability of the proposed dates from which the new degression bands could apply due to the lack of available data.

EDF Energy
July 2014

E.ON response to a consultation on changes to financial support for Solar PV

Q2 Do you agree with the proposal to close the RO early to solar PV projects above 5MW in scale? Please give reasons for your answer.

1. We understand the concerns of government about the risk of a technology being deployed at much greater levels than have been budgeted for in the Levy Control Framework, which is compounded by the more limited options available under the RO for controlling the budget.

2. In a previous response on managing the budget we suggested that a potential way forward for controlling the entire RO budget, thereby protecting the CfD budget, would be to bring forward the date of closure of RO projects which had not secured a financial investment decision by a specified date. We believe this would provide certainty for developers.

3. Whilst we are not commenting specifically on the deployment rates of solar PV, we would agree in principle with the proposal to close the RO early to solar PV projects above 5MW in scale, and believe this is preferable to either setting capacity caps or instigating a banding review.

Q4 Do you agree with the proposed grace periods and the date from which eligibility would apply, i.e. 13 May 2014? Please give reasons and provide evidence to support your answer.

4. We agree with the proposed grace periods for new stations in excess of 5MW in order to effectively control the RO budget. Aligning the date from which the new policy applies with the date of the consultation also appears appropriate, as prior to the publication all investors would have had a clear expectation that the RO was open for new projects until 31 March 2017. Where financial investment decisions have already been taken, it is important that these projects are not undermined, thereby maintaining investor confidence.

Q5 Do you agree with the proposed forms of evidence to demonstrate eligibility for the grace period? Please give reasons and provide evidence to support your answer, specifying the form(s) of evidence to which each comment relates.

5. Firstly we believe that the only condition that needs to be met to qualify for a grace period is in regards to significant commitments.

6. The definition of significant commitments draws on the approach being used for the new CfD regime. We believe this is also fit for purpose for grace periods, covering a signed grid connection offer, planning consent, Director's certificate confirming either ownership or lease of the land and either 10% of total project pre-commissioning costs has been incurred or proof that all material contracts have been entered into, which essentially requires a financial investment decision.

7. However provided all the criteria above can be met by a developer, we do not agree that there is a need to also require the station to have commissioned by 31 March 2016. This has the potential to undermine existing investment decisions which goes against the policy intent of grace periods and sets a dangerous precedent for a wider range of investors beyond those with direct interests in Solar PV.

Q6 Do you agree with the proposals not to introduce a capacity or supplier cap in the RO on solar PV projects above 5MW in scale? If you think that either a capacity or supplier cap would be a more effective means of controlling costs from this technology, or whether you would prefer a cap, please indicate which along with your rational and any supporting evidence.

8. Yes. We believe the most effective way to protect investor confidence, particularly where projects have already been sanctioned for investment, is to use a cut-off date, beyond which support under the RO will no longer be available to new schemes which have not already met a significant financial commitment milestone.

9. The problem with a capacity cap approach is that depending on where the level is set, it does not necessarily protect all the projects which have made such commitments. Furthermore we anticipate that this approach would also be burdensome to implement, as it would be important to provide the market with up to date information to enable developers to ascertain the risks associated with their project, something which will be much more complex compared with the scheme already in operation for biomass power only schemes.

10. A supplier cap could be made to work in principle but given the uncertainty over the obligation levels set for suppliers from year to year, it will be extremely challenging to ensure the cap is set at the right level in order to effectively control the budget for Solar PV.

Q7 Do you agree with the proposal not to undertake a banding review on the solar PV bands with respect to projects above 5MW in scale? If you think that a banding review would be a more effective means of controlling costs from this technology, please give reasons and provide evidence to support your answer.

11. Yes. Firstly there are clear criteria against which a banding review can be announced. It is not necessarily the case that the conditions for a review would be met in this case. Even if the conditions had materially changed since the last banding review and could justify exercising this option, there will be difficulty in setting the right tariff level especially as the consultation recognises that the Solar PV market is fast changing. Therefore it is by no means certain that adopting this approach will guarantee that the overall RO budget is protected.

Q8 Do you agree with the proposals not to change the conditions for a banding review and not to exclude new large-scale solar PV from our grandfathering policy? Please give reasons and provide evidence to support your answer, specifying to which proposal your comment relates.

12. Yes. Investors have already assumed that the conditions for undertaking a banding review and the current grandfathering policy will not be changed. We would be extremely concerned if however these policies were to be subsequently modified. This would represent a retrospective change that investors are extremely concerned about and would inevitable raise risk capital which is not in the interest of investors or customers.

E.ON

July 2014

Consultation on changes to financial support for solar PV

Submission by GDF SUEZ Energy UK-Europe

(I) Background

GDF SUEZ Energy International is responsible for GDF SUEZ's energy activities in 32 countries across five regions worldwide. Together with power generation, we are also active in closely linked businesses including downstream LNG, gas distribution, desalination and retail. GDF SUEZ Energy International has a strong presence in its markets with 72.9 GW gross (37.4 GW net) capacity in operation and 8.4 GW gross (4.4 GW net) capacity of projects under construction as at 31 December 2013.

GDF SUEZ Energy in the UK is the country's largest independent power producer by capacity with interests in 5,015 MW of plant in operation in the UK market made up of a mixed portfolio of assets – coal, gas, CHP, wind, OCGT distillate, and the UK's foremost pumped storage facility. Several of these assets are owned and operated in partnership with Mitsui & Co. The generation assets represent approximately 6% of the UK's installed capacity. The company also has a retail business supplying electricity and gas to the Industrial and Commercial sector.

In March 2014, GDF SUEZ acquired West Coast Energy (WCE), an independent renewable energy developer based in North Wales. The company has a wind development pipeline of 500MW, with GDF SUEZ operating 70MW of wind farms in the UK, 50MW of which were jointly developed with WCE since 2008. WCE also has an early stage portfolio of other renewable opportunities, including solar PV and small scale hydro projects.

GDF SUEZ welcomes the opportunity to comment on Government's proposals for changes to financial support for solar PV.

(II) Summary

- **The UK solar industry has witnessed rapid and successful development over the last four years. In 2010, total installed capacity stood at approximately 100MW. Today, it stands nearer to 5GW. Government policy has helped drive this, and having gained momentum in solar development, GDF SUEZ believes Government should take care not to disturb or change current policy.**

- **GDF SUEZ does not agree with the proposal to close the RO early to solar PV projects above 5MW. Such a move could lead to increased uncertainty amongst investors in the UK renewable sector, and could deprive the market of a relatively low cost source of proven renewable electricity in the future.**

- **Government has focussed on the need to encourage technologies along learning curves to help reduce costs, and continues to do so, for example, on offshore wind. No changes to financial support are being proposed for this technology, nor should they be for solar which has the potential for further cost reductions. However, should Government feel inclined to introduce a date after which RO financial support for solar would cease, then it should seek to ensure that ground mounted projects on brownfield or industrial sites are not affected.**

- **GDF SUEZ does not agree with the proposed eligibility date from which grace periods would apply. This is the same as the publication date for this particular consultation, and would therefore not have been known to solar developers until the proposals were released.**

- **GDF SUEZ agrees that proposals to introduce a capacity cap or alter the supplier obligation to restrict future solar development should not be pursued. Changes to the supplier cap would be an unwelcome intervention in the market and could inadvertently penalise innovative suppliers. A capacity cap would be particularly disadvantageous to smaller or niche suppliers - for example, a supplier may fear breaching its cap and hence surrender value.**

- **GDF SUEZ agrees that new large scale solar should not be made exempt from grandfathering policy. Grandfathering is crucial if both investor certainty and investment levels are to be maintained in the UK. If this policy was changed, the consequences could be felt right across the renewable sector and beyond, and not just amongst solar developers.**

(III) Answers to Questions

Question 1 – Do you agree with our projections for the amount of new solar PV capacity likely to deploy under the RO by 1 April 2015, and our deployment assumptions for 2015/16 and 2016/17? Please give reasons and provide evidence to support your answer.

1) GDF SUEZ broadly agrees with DECC's view on potential deployment up to and including 2017.

2) However, the company believes that should Government seek greater output from renewable generation to help meet 2020 targets (for example, if other sectors are unable to meet individual targets) then solar may be needed to help fulfil this. Stalling new-build solar through introducing an arbitrary end-date may therefore not be appropriate.

Question 2 - Do you agree with the proposal to close the RO early to solar PV projects above 5MW in scale? Please give reasons for your answer.

3) GDF SUEZ does not agree with this proposal. The company believes this approach will be detrimental to both investment in solar plant in the UK, and to investment in the wider renewable sector and beyond.

4) The solar industry requires a clear and consistent policy in place that allows it to develop this renewable technology. Prior to the publication of these proposals, a clear set of rules existed for solar under the Renewable Obligation (RO). Government policy indicated support for large scale solar PC projects, and a willingness to ensure a stable investment climate for this technology.

5) The outcome of the RO banding review published by Government in July 2012 provided a comprehensive review of ROC payment levels for eligible technologies that gave clarity on future remuneration of such projects. For solar projects, this was further underlined in Government's response to submissions received during the consultation held in Autumn 2012 on support for solar PV and biomass projects:

   "The Government has decided to rely on the mechanisms that already exist under the RO to ensure that support levels for solar PV remain sustainable. The Government considers that the existing mechanism for early reviews, as set out in article 33 of the Renewables Obligation Order 2009 is the most appropriate tool to use, should it become necessary to do so."[1]

   In this case, industry was given a clear view on future support levels for solar, with the knowledge that under Article 33 the Secretary of State had the ability to review banding provisions at four yearly intervals, with the first review commencing in October 2010.

6) Current proposals mark a significant departure from this approach, and instead introduce an arbitrary date by which support under the RO for new large scale solar projects will cease. Whilst GDF SUEZ understands Government's concerns over budgetary impact, and the need to ensure the Levy Control Framework is not breached, the following points should be taken into account:

   a. Such a change could impact investor confidence outside of the solar sector – the proposals are a further intervention in the renewables market which are different to the proposed review process as described above, and therefore could unduly affect investor certainty in other renewable sectors. It is only two years since the last banding review, and only three years remain until the closure of the RO to new-entrants. The RO for large scale solar should be left to operate unchanged out to March 2017;

   b. Large scale solar provides consumers with one of the lowest costs of renewable power per MWh. Under the banding review of 2012, solar PV ground mounted projects are paid at a lower RO band level than offshore wind, dedicated biomass (from 2014/15) and tidal/wave projects. Ground mounted solar ROC levels fall from 1.6 in 2013/14 to 1.2 by 2016/17. This illustrates that large scale solar can provide low cost renewable electricity compared to other technologies to the benefit of consumers across the UK. The introduction of an arbitrary end date will deprive the market of potential lower cost solar projects which are likely to come forward under future lower levels of subsidy under the RO scheme. Furthermore, solar is one of the few technologies that has the potential to increase wide-scale distributed energy, and involve a wider cross-section of domestic customers and businesses;

[1] Renewables Obligation Banding Review for the period 1 April 2013 to 31 March 2017: Government Response to further consultations on solar PV support, biomass affordability and retaining the minimum calorific value requirement in the RO, December 2012, page 9

c. Evidence from the small scale solar sector indicates rising grid connection costs which are affecting project economics. Large scale solar PV provides greater economies of scale for investors, which ultimately feeds through into lower costs borne by the consumer;

d. Government has proposed that large scale solar projects may still apply for a CFD. However, deployment under this mechanism as an alternative option is likely to be limited given that (1) expenditure on current approved and existing projects operating under the RO, CFD or FiT mechanisms is likely to be very close to the stated LCF budget for 2017/18, and (2) solar will be categorised as an established technology, and will therefore be subject to competition with other renewables including onshore wind. Both of these factors make future deployment of large scale solar PV under the CFD mechanism challenging.

7) Overall, GDF SUEZ does not believe the existing scheme should be changed again. However, should Government feel inclined to introduce a date after which RO financial support for solar would cease, then it should seek to ensure that ground mounted projects on brownfield or industrial sites are not affected. The use of available brownfield sites should be encouraged, particularly in industrial areas where housing cannot or is unlikely to be developed.

Question 3 – Do you agree with the proposal not to close the RO to solar PV projects of 5MW and below? Please give reasons and provide evidence to support your answer.

8) GDF SUEZ agrees with this proposal, but as outlined in the answer to question 2 above, the company believes the RO should not be closed to solar PV projects above 5MW too.

Question 4 - Do you agree with the proposed grace periods and the date from which eligibility would apply, i.e. 13 May 2014? Please give reasons and provide evidence to support your answer.

9) GDF SUEZ does not agree with the proposed eligibility date. This is the same as the publication date for this consultation, and would therefore not have been known to solar developers until the proposals were released. This means that a number of developers are likely to have been disadvantaged, and this date only benefits those projects that have begun development earlier. If a deadline was set towards the end of 2014, other developers may have been able to review their project timelines and meet the grace period eligibility date. As it stands, an eligibility date that is the same as the publication date of the consultation, without prior notification, discriminates against projects that are at later stages of development. The majority of those projects that are able to meet the proposed deadline are likely to be commissioned before April 1st 2015, so the grace period would be of little benefit to them.

10) In order to avoid the issues explained in paragraph (9), GDF SUEZ suggests that an eligibility date that comes after Government's published response to this consultation would be more appropriate when establishing the qualification criteria for the proposed grace period.

Question 5 - Do you agree with the proposed forms of evidence to demonstrate eligibility for the grace period? Please give reasons and provide evidence to support your answer, specifying the form(s) of evidence to which each comment relates.

11) GDF SUEZ agrees with the proposed forms of evidence outlined under points a) and b) on page 11 of the consultation document, namely:

    a. A grid connection offer and acceptance of that offer, and a letter from a network operator;
    b. Relevant planning consents, evidenced by either planning permission under the Town and Country Planning Act 1990 or the Town and Country Planning (Scotland) Act 1997.

12) However, GDF SUEZ believes the above criteria is only acceptable if the eligibility date is reviewed and set towards the end of 2014 (for the reasons given above in answer to question 4). Furthermore, it is likely that meeting both these requirements will mean most developers would have already incurred over £100,000 in planning/development and grid deposit costs. This alone should be the governing criteria for expenditure on projects.

13) GDF SUEZ also believes that the proposed forms of evidence outlined under points c) and d) (Director's Certificate and invoices and payment receipts) are unnecessary and may lead to complications. A significant amount of time, effort and investment would have already been expended by developers to satisfy such criteria, such as through the development and permitting process. Evidence of a lease or purchase on land should be considered as evidence for a long-term interest in developing a project, which should therefore satisfy the requirements of criteria sought under points c) and d).

14) As an example of this, where a developer has secured a grid connection, planning consent and has an option to take a lease on land, then it is able to demonstrate active progression of that site. This should be sufficient evidence to prove commitment to a project. The procurement and construction process thereafter can be controlled by setting a reasonable RO grace period end date, for example to the end of October 2015.

15) It should be noted that if Criteria (d) remains, but a project's grid connection date is towards the end of 2015, then developers are unlikely to meet this particular criteria as most would not place orders for equipment until nearer the point of commissioning. Consequently, a developer's grace period application in this case would fail as all criteria points need to be met under current proposals.

Question 6 – Do you agree with the proposals not to introduce a capacity or supplier cap in the RO on solar PV projects above 5MW in scale? If you think that either a capacity or supplier cap would be a more effective means of controlling costs from this technology, or whether you would prefer a cap, please indicate which along with your rationale and any supporting evidence.

16) GDF SUEZ agrees that a supplier cap is an inappropriate control for Solar PV.

17) The imposition of a supplier cap would be an unwelcome intervention in the market and could inadvertently penalise innovative suppliers and also restrict an important route to market for developers. The supply chain for renewable investments, including Solar PV, is very dependent on power purchase agreements (PPAs) and the purchase of renewable certificates (ROCs) via relationships with electricity suppliers. A supplier cap could also have a wider impact on the RO mechanism, particularly if it results in excess solar ROCs being produced, which could impact both supply and push down price levels across the RO mechanism.

18) If a cap were to be introduced, some of these relationships may be compromised unnecessarily, particularly where there are established working relationships between suppliers and their larger industrial customers investing in renewable energy. This is particularly disadvantageous to smaller or niche suppliers, for example, a supplier may fear breaching its cap and hence surrendering value. This could prevent or delay renewable investment by forcibly disrupting an established supply chain.

Question 7 – Do you agree with the proposals not to undertake a banding review on the solar PV bands with respect to projects above 5MW in scale? If you think that a banding review would be a more effective means of controlling costs from this technology, please give reasons and provide evidence to support your answer.

19) GDF SUEZ believes that the outcome of the RO banding review in July 2012 should remain unchanged, without any new end date for solar projects to apply for support under the RO (other than 31st March 2017). Keeping to the outcome of the 2012 banding review is the best way to retain investor confidence in this sector.

20) However, should Government conclude that it wishes to influence the level of new-build solar in the UK, then a banding review would be a more appropriate mechanism by which to pursue this rather than an artificial end-date, such as that being proposed.

21) By undertaking an evidence-based rebanding of the RO with appropriate consultation, the Government has an opportunity to seek to address its concerns over the rate of new build and in doing so, to ease any financial burden on the LCF in a controlled fashion. Greater investor confidence and certainty would be retained, and the capital costs of solar PV projects would be further driven down as a result, whilst ensuring that only the better projects would likely proceed with construction and become operational.

22) Alternatively, the Government could seek to introduce a transparent formula that links future solar costs to the level of ROC awarded to the technology. By linking subsidy and cost in a formal way, all that remains is for Government to seek and provide cost evidence that helps set the RO payment for solar in a given year.

Question 8 - Do you agree with the proposals not to change the conditions for a banding review and not to exclude new large-scale solar PV from our grandfathering policy? Please give reasons and provide evidence to support your answer, specifying to which proposal your comment relates.

23) The UK Government has traditionally supported grandfathering policy, and an ongoing commitment to it is vital if the UK is to encourage levels of investment in the renewables industry. Retrospective changes to policy, such as those witnessed in Spain over Feed-in-Tariffs in 2010, should be avoided if Government is to retain investor confidence in the renewables sector.

24) Government's commitment to grandfathering was demonstrated as part of the solar FiT review in 2012:

    "As with the fast-track review, the Coalition Government will not act retrospectively and any changes to generation tariffs resulting from the comprehensive review will only affect new entrants into the FiTs scheme from that date. Installations which are already accredited for FiTs at the time the changes come into force will not be affected."[2]

25) GDF SUEZ agrees that the conditions for a banding review should not be changed, and new large-scale solar PV should not be excluded from grandfathering policy.

Question 9 – Do you agree that creating new degression bands as suggested will encourage more building-mounted solar PV deployment and allow continued steady deployment of stand-alone solar PV installations? Please provide evidence to support your answer.

26) GDF SUEZ agrees that the creation of new degression bands could potentially contribute towards the deployment of more building mounted Solar PV whilst maintaining a steady deployment of stand-alone solar PV installation.

27) However, the creation of these new degression bands should occur alongside renewed efforts to tackle existing barriers to deployment, such as those outlined in the Government's Solar Strategy. These include:
    a) barriers presented by the planning process;
    b) overcoming the difficulties experienced during the RO-FIT application process, and;
    c) the barriers posed by lease conditions.

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[2] Feed-in Tariffs: Solar PV Review, House of Commons Library, 5 April 2012, page 4.

Question 10 – Do you agree that using the 'stand-alone'/'other than stand-alone' descriptions as the basis for the new degression bands will achieve the aim of increasing deployment of building-mounted solar PV? Please provide evidence to support your answer.

28) GDF SUEZ believes that the descriptions are in themselves not hugely significant in the broader effort to achieve increased deployment. Of greater importance will be the need for sufficient clarity on what the intended objectives are (i.e. to increase deployment).

29) The company acknowledges that the FITs legislation, in its current state, does not expressly define installations with regard to their physical location in order to distinguish between building-mounted and ground-mounted installations. However, that should not detract from the overall purpose of creating these new degression bands.

Question 11 – Do you agree that the proposed split for the degression triggers for the stand-alone and >50kW other than stand-alone bands is appropriate? Please provide evidence to support your answer.

30) GDF SUEZ agrees, although further detail on the modelling assumptions made to arrive at the proposed split ratio would have been welcomed.

31) Furthermore, as suggested by the consultation proposals, it would be essential to periodically review the impact the proposed split will have and if need be to adjust this accordingly, depending on the evidence on the ground.

Question 12 - Do you agree with the proposed dates from which the new degression bands could apply (for both October 2014 and January 2015)? Please give reasons and provide evidence to support your answer.

32) GDF SUEZ agrees with the proposed dates from which the new degression bands could apply. The proposed dates seem reasonable given the amount of time required to table and push through legislative amendments in Parliament.

33) The company also agrees with the proposal to consider bringing forward the implementation date of the new degression band should this be required, based on the results of DECC's monitoring of the deployment for the 2014 Solar Deployment Periods. We believe this will provide the necessary flexibility to allow the timing of implementation to be determined by 'real time' evidence of deployment on the ground.