Title:	Impact Assessment (IA)
Consultation on the transferability of building-mounted solar PV installations Impact Assessment	**Date:** 2nd March 2015
IA No: DECC0180	**Stage:** Final
Lead department or agency:	**Source of intervention:** Domestic
Department of Energy and Climate Change (DECC)	**Type of measure:** Other
Other departments or agencies: None	**Contact for enquiries:** Sarah Lowe Sarah.lowe@decc.gsi.gov.uk

Summary: Intervention and Options

RPC: N/A

Cost of Preferred (or more likely) Option				
Total Net Present Value	**Business Net Present Value**	**Net cost to business per year**	**In scope of One-In, Two-Out?**	**Measure qualifies as**
£1.5-3.4m	N/A	N/A	No	N/A

What is the problem under consideration? Why is government intervention necessary? Government wants to promote rooftop solar PV deployment as 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, helping to meet the UK's 2020 renewable energy target, and lower distribution losses. However growth in the market of commercial rooftop deployments of solar PV panels as a share of total growth has been below its performance in other European countries, and there is potential for significant growth in the UK. It is suggested that part of the reason for slow growth is the barrier of non-transferability. Currently owners of other-than-stand-alone solar PV installations with a capacity of greater than 50kW are unable to move their installation's premises over the 20 years of Feed-In Tariff (FIT) payments without forfeiting their right to receive the FIT payments. Government intervention is required to remove this risk to encourage further deployment.

What are the policy objectives and the intended effects?

The policy objective is to increase deployment of other-than-stand-alone solar PV installations with a capacity of greater than 50kW. This policy aims to do this by increasing the flexibility of the scheme by allowing FIT installations to move sites and continue receiving FIT income. This also aims to allow the market to put in place different products that will prove attractive to a greater proportion of large scale building landlords.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Do nothing: Policy remains that commercial installation of building mounted solar PV panels over 50kW will lose their FIT income if they move premises.

Lead option: Change in policy that allows transferability. This policy will allow other-than-stand-alone solar PV installations with a capacity of greater than 50kW to move premises twice over their 20 year FIT guarantee period without losing their FIT income. This is subject to several conditions set out in Annex A to this Impact Assessment. This is the preferred option as it meets the policy objective of increasing deployment and provides non-quantified moving benefits to FIT receivers.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 2015

Does implementation go beyond minimum EU requirements?			**N/A**		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	**Micro: Yes**	**< 20: Yes**	**Small: Yes**	**Medium: Yes**	**Large: Yes**
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:** -0.08 to -0.17		**Non-traded:** N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: ..... Date: 16/3/15

Summary: Analysis & Evidence — Lead Policy Option

Description: Change in policy that allows transferability. This policy will allow other-than-stand-alone solar PV installations with a capacity of greater than 50kW to move premises over their 20 year FIT guarantee period without losing their FIT income. This is subject to several conditions set out in the consultation document. All figures included below are rounded to the nearest£100,000 and are relative to the Do Nothing option.

FULL ECONOMIC ASSESSMENT

Price Base Year 2014	**PV Base Year** 2014/15	**Time Period Years** 30	**Net Benefit (Present Value (PV)) (£m)**		
			Low: £1.5	**High: £3.4**	**Best Estimate: £1.5-3.4m**

COSTS (£m)	**Total Transition** (Constant Price)	Years	**Average Annual** (excl. Transition) (Constant Price)	**Total Cost** (Present Value)
Low		1	£0.02	**£0.9**
High			£0.04	**£1.4**
Best Estimate	£0.3			

Description and scale of key monetised costs by 'main affected groups'

The main costs of transferability are the increased resource costs of roof mounted solar PV deployment net of the resource cost savings (including transmission and distribution but excluding carbon (see benefits below)) from the reduced need to generate electricity from the grid. It is unclear how much deployment will increase by as a result of transferability – the range above reflects this. The transition costs of transferability are the costs of OFGEM to introduce new IT systems, processes and guidance.

Other key non-monetised costs by 'main affected groups'

There will be installation moving costs and administration costs which have not been monetised in this analysis. The analysis does not take account of any wider system costs that might be associated with increased solar PV deployment.

BENEFITS (£m)	**Total Transition** (Constant Price)	Years	**Average Annual** (excl. Transition) (Constant Price)	**Total Benefit** (Present Value)
Low			£0.1	**£2.4**
High			£0.2	**£4.8**
Best Estimate				

Description and scale of key monetised benefits by 'main affected groups'

The monetised benefits are the value to the UK of UK carbon savings in the traded (EU ETS) sector. Again these are dependent on the uncertainty around how much solar PV deployment will increase which is shown in the range of values above.

Other key non-monetised benefits by 'main affected groups'

Greater other-than-stand-alone solar PV deployment could foster the development of the building-integrated solar sector (BIPV) in the UK, encouraging investment in the UK supply chain and greater exports. 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.

Key assumptions/sensitivities/risks — **Discount rate (%)** 3.5

The main assumption in this analysis is that the introduction of transferability increases deployment of other-than-stand-alone solar PV installations with a capacity of greater than 50kW by between 5 and 10%, relative to Do Nothing. The costs and benefits have been estimated over this range.

BUSINESS ASSESSMENT (Lead Option)

Direct impact on business (Equivalent Annual) £m:			**In scope of OITO?**	**Measure qualifies as**
Costs: N/A	**Benefits:** N/A	**Net:** N/A	No	N/A

Problem under Consideration

1. The Solar PV Strategy[1], which we published in April 2014, has as its central key 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. The Feed-In Tariff (FIT) scheme currently provides financial incentives over a 20 year period. In its current format, developers receiving support under FITs will only receive the full financial support for a FITs installation by having it in a single, unchanged location for the duration of the 20 year period. This effects 2 groups of people 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 for which they would be entitled to FIT payments. We believe this contributes to other-than-stand-alone deployment being below the ranges presented in the EMR delivery plan[2].

   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 want/have to move premises before the 20 year term that they are entitled to FIT payments is up or they may want to or have to redevelop their property. 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 to the landlord will make decisions based on the income from solar panels.

Rationale for intervention

3. Current legislation does not permit the moving of installations. Therefore, Government intervention is required to change the policy to allow, subject to the conditions outlined in the consultation response, owners of mid-scale building mounted solar installations 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. Reducing the investment risk should also reduce the cost of capital for FIT installations.

4. Additionally, the removal of the existing transferability barrier and corresponding risk may have a positive impact on the ability to finance installations. This may occur by enabling a greater proportion of landlord investors to access alternative financing structures (e.g. project finance) and/or increase the length (tenor) of the loans backing up their PV investments.

5. We do not propose to introduce transferability for installations under 50kW. The costs of transferring an installation at <50kW will be proportionally larger per kW of installation than for those that are >50kW. Consequently, we believe transferability would not prove viable for these installations. In

[1] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/302049/uk_solar_pv_strategy_part_2.pdf
[2] https://www.gov.uk/government/publications/electricity-market-reform-delivery-plan

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.

Policy Objective

6. The policy objective is to mitigate risk for building owners or tenants by allowing them to transfer their solar facility to a new location if they move or redevelop their property. This will increase the flexibility of the scheme and make it more attractive to investors, with the ultimate aim of increasing deployment of other-than-stand-alone solar PV panels over 50kW.

Options Considered

7. 2 options have been considered in this IA:
    a. Option 1 – Do nothing. This means that the FIT scheme will remain unchanged. Installations of other-than-stand-alone solar PV panels over 50kW will lose their FIT income if they move premises.
    b. Option 2 - change FIT policy to allow transferability. This policy would allow other-than-stand-alone solar PV installations with a capacity of greater than 50kW to move premises twice over their 20 year FIT guarantee period without losing their FIT income. This is subject to several conditions set out in Annex A to this Impact Assessment. This is the preferred option.
8. The costs and benefit of Option 2 (preferred option) relative to Option 1 (Do nothing) have been set out in the sections below.

Impact of Policy Options

Assessment period

9. The assessment period is 30 years starting in 2015/16. We include additional deployment until 2020/21 in this analysis. The 30 year assessment period enables us to capture the full assumed 25 year operational period of the new deployment out to 2020/21.
10. The methodology used to assess the total NPV reported in this impact assessment has involved estimating the benefits/costs to society, as a result of the change in policy to allow transferability of other-than-stand-alone solar PV installations with a capacity of greater than 50kW. The NPV is calculated as the present value of total benefits (carbon savings) minus total costs (additional resource costs and transitional costs for OFGEM). More details on how these have been estimated are in the sections below.

Deployment in the counterfactual "do nothing" scenario

11. The analysis of both of our options starts with estimating deployment figures for other-than-stand-alone solar PV panels over 50kW, as this is what all the costs and benefits are based on.

12. Deployment under the do nothing scenario has been modelled based on deployment figures for the 12 months ending June 2014. These are given in the table below and published on the OFGEM website[3].

Table 1: Deployment of solar PV panels, July 2013 – June 2014

Installed Capacity (kW)	2013						2014						
Photovoltaic	July	August	September	October	November	December	January	February	March	April	May	June	Total
>50-100kW	**760**	**509**	**594**	**1,137**	**639**	**786**	**484**	**583**	**1,149**	**2,251**	**1,701**	**1,747**	**12,340**
Of which, is pre-accredited	*381*	*61*	*85*	*95*	-	-	-	*80*	*356*	*71*	*151*	*100*	*1,380*
>100-150kW	**475**	**791**	**695**	**1,266**	**637**	**1,023**	**599**	**2,050**	**2,056**	**1,152**	**1,147**	**1,659**	**13,549**
Of which, is pre-accredited	*147*	*114*	*283*	*148*	-	-	*300*	*869*	*977*	-	*150*	*150*	*3,138*
>150-250kW	**1,874**	**2,159**	**1,848**	**2,655**	**1,347**	**1,354**	**1,190**	**3,556**	**4,535**	**1,913**	**3,355**	**5,190**	**30,975**
Of which, is pre-accredited	*450*	*248*	*250*	*425*	-	*500*	*490*	*1,784*	*2,221*	-	*659*	*966*	*7,991*
>250kW- 5MW	**349**	**265**	**1,666**	**970**	-	**360**	**69**	**100**	**2,741**	-	**890**	**588**	**7,998**
Of which, is pre-accredited	-	-	-	-	-	-	-	-	-	-	-	-	-

13. The analysis assumes that deployment in the financial year 2015/16 is 10% higher than deployment in the 12 months to June 2014 as a result of increased focus on roof mount following Renewable Obligation closure to large scale solar PV from 2015/16. It is then assumed in the do nothing scenario that deployment grows by 5% each year until 2020/21. These figures are slightly higher than the central projections in the EMR final delivery plan as they include estimated effects of the recently announced degression band split between building mounted and stand-alone deployment for solar PV installations greater than 50kW.

Deployment in the preferred option

14. Under the preferred option of introducing transferability this analysis assumes that deployment of other-than-stand-alone solar PV installations with a capacity of greater than 50kW increases by between 5 and 10%, compared to the do nothing deployment profile. There is a lot of uncertainty around this assumption but it is based on the logic that introducing transferability reduces the risk associated with installing other-than-stand-alone solar PV installations with a capacity of greater than 50kW, and so deployment increases.

15. The impact of the installation moving period on deployment has not been included in the figures below. Whilst the panels are moving and are not linked to the grid they should not be counted as deployment. However this has not been included in this analysis as we expect only a very small amount of panels to move.

16. Table 2 below summarises deployment for different sizes of other-than-stand-alone solar PV installations under the do nothing option and the lower and upper scenarios under the preferred option.

[3] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/356963/August_2014_Monthly_MCS_and_ROOFiT_Pipeline_Statistics.xls, Roofit tab

Table 2 - In year deployment of other-than-stand-alone Solar PV under different scenarios, kW						
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Do nothing option					
50-100kW	15,100	15,800	16,600	17,500	18,300	19,300
100-150kW	18,400	19,300	20,200	21,300	22,300	23,400
150-250kW	42,900	45,000	47,300	49,600	52,100	54,700
250-5000kW	8,800	9,200	9,700	10,200	10,700	11,200
	Lower scenario - deployment is 5% higher than do nothing option					
50-100kW	15,800	16,600	17,500	18,300	19,300	20,200
100-150kW	19,300	20,200	21,300	22,300	23,400	24,600
150-250kW	45,000	47,300	49,600	52,100	54,700	57,400
250-5000kW	9,200	9,700	10,200	10,700	11,200	11,800
	Upper scenario - deployment is 10% higher than do nothing option					
50-100kW	16,600	17,400	18,300	19,200	20,200	21,200
100-150kW	20,200	21,200	22,300	23,400	24,500	25,800
150-250kW	47,100	49,500	52,000	54,600	57,300	60,200
250-5000kW	9,700	10,200	10,700	11,200	11,800	12,400

Resource Costs

17. Resource cost is estimated as the levelised cost of solar PV deployment less the long-run variable cost of electricity[4] (LRVC). The LRVC is the societal cost (excluding carbon but including variable transmission and distribution costs) of producing marginal electricity from the grid, reflecting the mix of grid electricity generation that might be displaced by increased other-than-stand-alone solar PV deployment.

18. The levelised costs this analysis uses are based on those published for large solar (>250kW – 5 MW) in table 13 of the Electricity Cost Generation report (Dec 2013). [5] These have been used for all installation sizes in the absence of costs for each size band.

Table 3 - Levelised costs (£/MWh, 2014 prices)		
Projects started in:	2014/15	129
	2015/16	123
	2016/17	110
	2017/18	106
	2018/19	101
	2019/20	96
	2020/21	94

[4] From DECC Departmental Guidance (Data Tables 1-20: Supporting the Toolkit and the Guidance (Table 9)) (IAG Guidance), 2014: https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal

[5] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/269888/131217_Electricity_Generation_costs_report_December_2013_Final.pdf

19. Net resource costs include the transmission and distribution savings from using building mounted solar rather than grid electricity. This is done implicitly in these calculations as the levelised cost for large solar excludes transmission costs but the LRVC includes transmission costs. These transmissions savings occur as building mounted solar PV has a greater potential than other generation methods for the energy generated to be used on site.

20. Total additional resource costs of the preferred option have been calculated by multiplying resource costs per MWh (levelised cost minus the LRVC) by estimated generation of the increased deployment. Estimated generation was derived from estimated cumulative deployment (from table 2) using the solar load factor of 10.3% from DECC's Quarterly and Annual Load Factors, 2014[6].

21. The present value of the net resource costs for the 5% increased deployment scenario is £0.6m and for the 10% deployment scenario is £1.1m.

OFGEM administrative costs

22. OFGEM estimates the cost of setting up a system to allow transferability (transition costs) would be £300,000 to enable IT and guidance changes.

Carbon savings

23. The preferred policy option results in traded-sector carbon savings in the UK as an assumed increase in deployment of PV solar panels displaces electricity from the grid, generated by a mix of generation technologies including fossil fuel generation.

24. The monetary value of these carbon savings to the UK has been calculated following the method described in the *Valuation of energy use and greenhouse gas emissions for appraisal guidance*[7]. This is briefly outlined in the following steps:

    a) The first step of this process is to estimate the additional kWh resulting from increased deployment to estimate the amount of electricity from non-renewable sources that has been displaced. This is calculated by multiplying the additional deployment (kW) by the load factor (assumed to be 10.3%, as explained above).

    b) These kWh are then multiplied by the long run marginal electricity emission factors to estimate the amount of carbon dioxide that would have been produced if this amount of electricity was produced using a mix of grid generation. This analysis uses the long run marginal electricity emission factors which are published in Table 1 of the Data tables 1-20: supporting the toolkit and the guidance mentioned above. [8]

    c) Finally these carbon volumes are multiplied by the central traded carbon price to give a monetary value of these carbon savings. These carbon prices are published in table 3 of the Data tables 1-20: supporting the toolkit and the guidance mentioned above.[9]

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[6] https://www.gov.uk/government/statistics/quarterly-and-annual-load-factors (We have used the 2011/12 weighted mean annual load factor for solar, as this is in line with the 10-year average, and 2012/13 whereas sun hours in 2012/13 were particularly low)

[7] https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal

[8] https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal

[9] https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal

Net Present Value (NPV)

25. Table 4 below shows the total discounted NPV in 2014 prices for the preferred option over the time period 2015/16 to 2040/41. The two scenarios result from the uncertainty around the increased deployment of commercial installations of building mounted PV Solar panels larger than 50 kW as a result of the introduction of transferability. The analysis uses the Retail Price Index (RPI) of inflation as this is the Index by which FITs are inflated.

Table 4: Discounted Net Present Value

£m 2014 prices, discounted	Upper: Deployment increases by 5%	Lower: Deployment increases by 10%
Resource costs	£0.6	£1.1
OFGEM admin costs	£0.3	£0.3
Carbon savings	£2.4	£4.8
Total NPV	+ £1.5	+£3.4

Distributional Impacts: Support Costs to Consumers and Levy Control Framework (LCF) costs

26. The range in cost to consumers/ risk to LCF budget reflects the range of scenarios around the amount of additional deployment likely to come forward as a result of the policy change, i.e. transferability increases deployment by 5 to 10%. The cost to consumers is the increased FITs support cost of the additional deployment.

27. The support cost to consumers and LCF costs have been estimated using the higher rate of tariffs for eligible installations with an eligibility date on or after 1 October 2014 and before 31 December 2014. These are summarised below but can also be found in the Feed-in Tariff Payment Rate Table for Photovoltaic Eligible Installations for FIT (1 April 2014 – 31 December 2014).[10]

Table 5: Tariffs for eligible installations with an eligibility date on or after 1 October 2014 and before 31 December 2014	
Capacity	p/kWh
50-100kW	10.34
100-150kW	10.34
150-250kW	9.89
250-5000kW	6.38

28. It has been assumed that the 2015/16 tariffs are current tariffs (above) degressed by 3.5%. In order to give a conservative estimate of how tariffs would degress over time, we have assumed the slowest possible rate of degression, i.e. 3.5% every 9 months, to estimate future tariffs.

29. The analysis covers the time period up to the end of 2020/21 only. For 2020/21, it is assumed that projects would be installed throughout the course of the year and, as such, the tariff will only be paid

[10] https://www.ofgem.gov.uk/ofgem-publications/89096/fitpaymentratetableforpublication1october2014pvtariffs.pdf

on a proportion of projects installed during 2020/21 in the timespan covered by the IA. For simplicity, it is assumed that the tariff would start to be paid on 50% of all projects installed during 2020/21 before the end of the lifetime of the analysis.

30. This analysis gives an estimated additional FITs support cost to consumers and LCF cost of £1.8-3.7 million (2014/15 prices) in 2020/21 under the preferred option. The lower end of the range is based on 5% additional deployment whilst the upper end of the range is based on 10% additional deployment compared to the do nothing scenario.

31. The impact in 2020/21 on an average household energy bill is estimated to be less than £0.10 (2014 prices), or less than 0.05 per cent. The impact on small, medium and energy intensive business energy bills is also estimated to be less than 0.05 per cent.

Non-monetised costs and benefits

Moving costs

32. This analysis has not quantified the costs of moving installations. This is because we expect a very small percentage of installations to actually move. The increase in deployment is simply caused by reduced risk and increased confidence. Therefore we expect these moving costs to be negligible.

Service Fee Charged by OFGEM

33. The analysis has not included the service fee charged by OFGEM to owners who would like to relocate under transferability. It is our intention that this change should be cost-neutral in relation to administration costs. If this principle were to be followed, this would mean that the beneficiaries of this policy would be required to pay for the full costs, including the development costs, of this administrative change. We will investigate this further and, if this financing method seems unfeasible, we will consider alternative financing methods.

Alternative finance structures

34. 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. This has not been quantified so is not included in the NPV calculations.

Rationale and evidence that justify the level of analysis used in the IA

35. There is significant uncertainty on the following assumptions:

    a) In the do nothing option (i.e. without transferability) deployment of commercial installations of building mounted PV Solar panels larger than 50 kW in 2015/16 is 10% higher than Jul 13-Jun 14 as a result of increased focus on roof mount following RO closure.

    b) In the do nothing option deployment grows at 5% per year after 2015/16.

    c) Transferability increases deployment of commercial installations of building mounted PV Solar panels larger than 50 kW by between 5 and 10%.

Wider impacts

Supporting UK industries

36. Introducing transferability should increase deployment of other-than-stand-alone PV and therefore support Building Integrated PV (BIPV) - a new industrial supply chain with UK companies currently strongly represented[11]. The market for BIPV includes new build and the refurbishment of existing buildings, and some BIPV products can incorporate insulation, thereby improving energy efficiency. The UK already contains world leaders in the building integrated field, who have developed innovative products such as the hybrid solar solution. There is therefore the potential for further development and investment in the UK supply chain and UK academia, research and development, as well as leading to greater exports of technology and services.

Employment

37. There may be an impact on jobs in the renewable sector and associated supply chains if producing energy through other-than-stand-alone PV solar panels provide more jobs than the displaced electricity source.

Wider electricity system impacts

38. Increased FITs deployment may also entail some wider system impacts that aren't reflected in the levelised cost estimates but the magnitude of these is uncertain (note that the benefits of reduced transmission and distribution costs associated with FITs deployment are reflected to some extent in the long-run variable cost estimates used for the electricity displaced).

Summary and preferred option with description of implementation plan

39. Introducing transferability is the preferred option as it leads to increased deployment of other-than-stand-alone solar PV installations with a capacity of greater than 50kW. This is one of the main aims of The Solar PV Strategy[12]. As explained in the sections above this increased deployment leads to increased carbon benefits, energy efficiencies, supporting UK industries while having a limited impact on support costs for consumers and LCF costs.

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[11] Solar Strategy, April 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/302049/uk_solar_pv_strategy_part_2.pdf.

[12] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/302049/uk_solar_pv_strategy_part_2.pdf

Annex A – Conditions for transferability under the preferred option

To ensure that this alteration to the Feed-in Tariff has the intended effect and to avoid gaming of the system, we plan to implement the change with the following conditions:

1. **If an installation increases in size, the additional capacity will be treated as an extension. If the installation decreases in size it will only be eligible for 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.
2. **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.
3. 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.**
4. 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 until 4 years after the legislation has come into force. After this period has passed, installations will be able to transfer at any point during the period that they are eligible for FIT payments.**
5. **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.
6. **Where the installation formed part of compliance with the building regulations' new build energy performance requirements of the building it was originally attached to, then the transfer will not be allowed.**
7. **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.** Where the solar installation was installed after the existing EPC was issued, the owner will not have to provide a new EPC provided that they can prove that the original FIT accreditation date of their installation is dated after the EPC.
8. The owner of the transferring solar PV installation must inform the local planning authority of their intention to transfer, if their installation was originally subject to planning permission.