

Daylight robbery

The campaign for fair treatment for small scale solar

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Executive summary

From April 2019, the government proposes to remove the 'export tariff' that pays owners of new rooftop solar (including households, small businesses, community groups and local authorities), for surplus power they return to the grid for use by others. This will cost jobs, severely damage already low installation rates and

undermine carbon emission reductions - despite the heightened urgency of climate action. It will mean new solar owners are the only actors in the energy system not paid for power they produce - daylight robbery in all but name.

The government must act now and guarantee an export tariff after March 2019.

Not a subsidy

The export tariff payment currently sits alongside the feed-in tariff subsidy (Fit) for small scale (under 5MW) solar installations. The Fit is a subsidy in the form of payment for each unit of electricity generated. By contrast, the export tariff is paid in exchange for surplus power (a commodity) exported to the grid for use by others. It is therefore not counted as a subsidy and has no additional cost to the consumer. The export tariff is in fact currently lower than the wholesale price of power.

Together, the Fit and export tariff have enabled over **850,000 households**,¹ **1,000 schools**, **30,000 businesses** and **85% of local authorities** to install solar,² contributing to the rapid growth of UK solar from near zero in 2010 to over 13GW of capacity today. The UK has cut emissions faster than any other G7 nation - almost entirely due to the decarbonisation of electricity supply, in which the growth of solar power has played a large role.

Cloudy outlook

The UK solar industry has been subject to successive hostile policy changes since 2015. Drastic and sudden cuts to feed-in tariff rates, the decision to block solar from competitive large scale low carbon power auctions, removal of investment tax breaks and rises in business rates for solar owners have shrunk the industry dramatically. This is in stark relief to consistent support for the nuclear, offshore wind and fracking industries. The remaining feed-in tariff support will end on 31st March 2019, and the government is now proposing to remove a guarantee of fair payment for

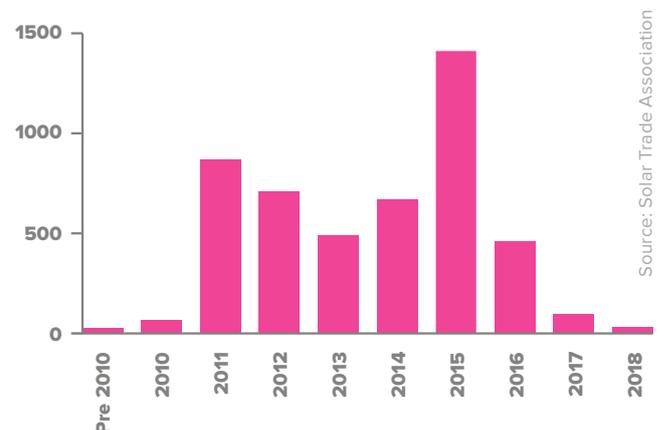


Fig.1 Fit accredited capacity installed per annum.

exported power, via the export tariff, at the same time as ending feed-in tariff generation payments.

Despite this, UK solar holds out huge potential. With costs continuing to fall, solar is able to save consumers and businesses money on bills while cutting carbon emissions, providing jobs and laying the foundation for a smart and efficient energy future. Locked out of large scale clean power auctions, the rooftop solar market is vital for the viability of the sector. Removal of the Fit is guaranteed, so retaining an export tariff is essential to prevent further serious and lasting damage. The number of UK solar installers has already halved since 2016, now 80% of installers expect job losses and 40% will consider closure if the export tariff is removed alongside the Fit.³ The Solar Trade Association expects a 75% reduction in installation rates, and the UK is now ranked last out of 20 international solar markets for investment between 2018-2022.⁴

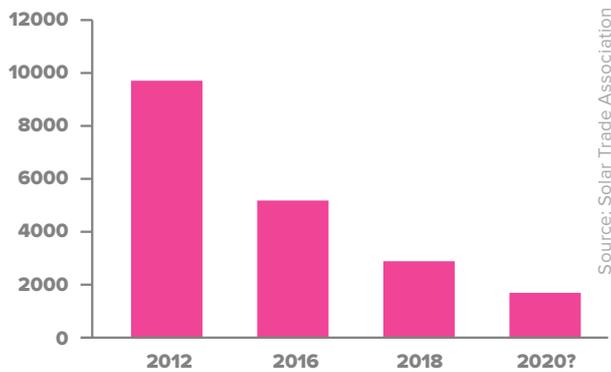


Fig.1 Number of registered solar installers.

The UK public wants more solar, and wants to participate

The government's public attitudes tracker shows overwhelming long term public support for solar power, rising to 87% approval in April 2018.⁵ 62% of people would like to install solar panels themselves, and a further 60% would like to install home energy storage.⁶ **Not only do the public very strongly support an increase in solar power, a majority want to participate via domestic installations.** Yet by removing payment for surplus power from rooftop solar, the government will dramatically slow new solar capacity additions overall *specifically via* undermining the economics of domestic solar installations.

Smart transformation requires solar

Rooftop solar deployment is a pillar of the smart energy rollout, enabling households and businesses to save money through producing, using and trading clean energy efficiently in conjunction with smart meters, domestic batteries and electric vehicles. **Imperial College London recently projected that a smart, flexible energy system could save households £6.9bn per annum.**⁶ The government identifies 'smart' as a key element of its industrial strategy. It must therefore ensure that the solar industry is able to thrive and maintain supply chains in order for consumers and businesses to take advantage of emerging complementary technologies.

Solar is needed to meet the UK's climate targets at least cost

The UK is currently on track to miss its 4th and 5th carbon budgets up to 2032. The 2018 Committee on Climate Change progress report identified easy wins to close the policy gap, including rapidly bringing forward cheap low-carbon power. Solar is only outcompeted on price by onshore wind, is far cheaper than nuclear and is cost-comparative with gas-fired

generation. **Removing the route to market for solar will stop the UK meeting its international climate change obligations at least cost.**

Fair treatment needed now

10:10 Climate Action, as part of the Fair4Solar coalition, is calling on the government to take immediate action to ensure fair treatment for solar and create certainty for the industry by:

- **Guaranteeing an export tariff reflecting market value for exported power from small scale solar installations after March 2019.**
- Bringing forward a basket of support measures that require no new money from April 2019 to boost solar installation rates, including:
 - Zero interest loans for domestic solar installations, as currently successfully used in Scotland.
 - Business rates exemption for business and industrial solar self-supply, as is already granted for gas-fired onsite combined heat and power systems.
- Reforming Salix Finance for public bodies to include solar in energy and efficiency improvements with extended payback periods.
- Reinstatement of the zero carbon homes standard for all new homes.
- Stamp duty and 'green mortgage' discounts for domestic properties installing solar.
- Reinstating the Social Investment Tax Relief scheme for community energy projects once the Fit subsidy is withdrawn.
- Roll-over of unspent Fit budget from the existing scheme after March 2019 to support solar for low income households, community energy groups, housing associations and schools.

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2. Solar Trade Association, Fairness for local climate action & smart energy – solar export tariff (Greene, 2018).
3. Consultation on the Feed-In tariffs scheme - Solar Trade Association response (Greene, 2018)
4. Solar Power Europe, Global Market Outlook 2018-2022 (2017) www.solarpowereurope.org/global-market-outlook-2018-2022-2
5. BEIS, Energy and Climate Change Public Attitudes Tracker: Wave 25 (2018) www.gov.uk/government/statistics/energy-and-climate-change-public-attitudes-tracker-wave-25
6. Client Earth, British public supports urgent action and litigation on climate change – poll reveals (2018) www.clientearth.org/british-public-supports-urgent-action-and-litigation-on-climate-change-poll-reveals
7. Ovo Energy & Imperial College London, Blueprint for a post-carbon society (2018) www.ovoenergy.com/binaries/content/assets/documents/pdfs/newsroom/blueprint-for-a-post-carbon-society-how-residential-flexibility-is-key-to-decarbonising-power-heat-and-transport/blueprintforapostcarbonsocietypdf-compressed.pdf