Energy UK Response to BEIS Consultation on the Feed-In Tariffs Scheme

13th September 2018

About Energy UK

Energy UK is the trade association for the GB energy industry with a membership of over 100 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership encompasses the truly diverse nature of the UK’s energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 27 million homes and every business in Britain. Over 730,000 people in every corner of the country rely on the sector for their jobs, with many of our members providing lifelong employment as well as quality apprenticeships and training for those starting their careers. Annually, the energy industry invests over £11bn, delivers £88bn in economic activity through its supply chain and interaction with other sectors, and pays £6bn in tax to HMT.

Executive Summary

This consultation comes at a transformative time for the energy sector. 2017 was a year of landmark milestones; our first coal-free day since the Industrial Revolution, technical strides being made in the electrification of transport and the dramatic cost reduction of a number of renewable energy sources. We have separately responded to BEIS’s Call for Evidence on the Future of Small-Scale Low-Carbon Generation – available here.

We and our members recognise that whilst the Feed-In Tariff (FiT) regime has helped deliver its own milestones and a multitude of benefits, however the evolution of the market negates its long-term operation. Furthermore, the continued success of other policy frameworks such as Electricity Market Reform (EMR) including Contracts for Difference (CfD) provide an opportunity to homogenise policy and mitigate regulatory complexity. We would, however, urge the Department to be aware that following the closure of the FiT scheme there will be a hiatus when there is neither a support framework or any of the other potential incentives set out in our response to the Call for Evidence on the Future of Small-Scale Low-Carbon generation and this will have a potentially significant associated impact on deployments and supply chains. As such, given the value of distributed renewable generation to the grid, we would encourage government to move quickly to provide assurance to the market.

We also recognise that regulation and policy frameworks must mature in line with the innovation and evolution of the markets they govern. Whether by introducing revenue stabilisation CfDs to accommodate the need to de-risk least-cost large-scale renewables or, as per BEIS’s original policy intent for small-scale low-carbon generation, shift from deemed FiT export payments to metered as smart meters are deployed in ever-growing volumes.

Energy UK has previously voiced concern to Government regarding the interactions of the FiT scheme with smart metering. We believe that the current FiTs framework does not support a positive customer journey for smart meter customers who have microgeneration installed on site, with the current solution requiring FiT Licensees to rely on a manual approach to export meter readings. As such we have identified a considerable risk to the public’s perception of the smart meter rollout.

In the interests of ensuring that customers benefit as far as is possible from the deployment of smart meters and by maximising their uptake, we would recommend that the switch from deemed to metered FiT export payments be decoupled from the physical installation of a smart meter. Instead, that there
would be benefit in a hard deadline for the majority of FiT installations to be switched from deemed to metered FiT export payments following the completion of the smart meter roll-out. This should be aligned with the relevant concurrent industry changes, including half-hourly settlement, to avoid generating inefficiency. Energy UK will be submitting a working paper on FiT metered exports in the coming weeks and would welcome the opportunity to discuss this in greater depth with BEIS, either bilaterally or in fora with our members.

For more detail about the questions posed within the consultation document please refer to the responses submitted by our members. Should you have any questions regarding this consultation response then please do not hesitate to get in touch via the details below.

I can confirm that this response may be published on the Department’s website.

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