18 January 2016

CHANGES ON THE HORIZON FOR UK SOLAR

PART I:

This is the first of three articles by Adam Payne which are intended to summarise the recent complete overhaul of the mechanics that have structured government support for the UK solar industry. Throughout the series, we will discuss the fallout from the Government's Feed-in-Tariff consultation before finally anticipating the market's longevity.

We start this series on the back of last month's United Nations Climate Change summit in Paris. An array of environmentalists, political leaders and scientists assembled in the French capital representing the 195 attending nations. Mitigating global warming and becoming rapidly less dependent on fossil fuel consumption is clearly now the central challenge facing the international community. The ambitiousness of these targets will be key in achieving the Paris summit agreement as countries already suffering from long-term drought and sea-level rise call for the most aggressive targets to be set.

Solar deployment will no doubt play a crucial role in meeting targets. Yet the actions of the UK Government's Department for Energy and Climate Change (DECC) seems to go against the objective of limiting long-term global warming to 2°C.

Drastic policy change, headed by DECC Secretary of State Amber Rudd, has left much of the solar industry confounded into rethinking its entire resource and capital expenditure beyond March FY16. The curtain has already been drawn on several well-known utility companies such as *Mark Group* and *Climate Energy*, with several more on the brink of closure as shattered investor confidence leads to a search for new markets. Meanwhile, the US Congress's approval to extend the $1.14 trillion dollar tax credits deal has boosted the confidence and stock prices of US utility companies, drawing further questioning of the UK Government's decision making processes on renewable energy policy.

Protective legislation and investments also continue to pour into the nuclear, oil and gas industries. Government figures suggest that tax breaks announced in 2015 for crude oil production in the North Sea will cost taxpayers a further £1.7bn by 2020. How much of a future do finite fuels have in an already saturated market? And why is the UK the only G7 country where such subsidies are actually increasing.

Everyone understands the importance of keeping energy bills low for "hard-working" households and businesses, but to justify the complete overhaul of subsidy mechanics for a technology set to be self-sufficient by 2020 seems surprising. Is jeopardising the livelihood of 20,000 employees in the solar sector really worth an average annual household saving of

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just £7? Drawing the curtain on a thriving industry with falling costs and improving technologies seems to undermine the whole objective of last month's summit.

Our next article will break down the specifics of the FIT consultation outcome.

Adam Payne is a technical consultant for Prospect Energy Ltd. His background is predominantly in solar deployment throughout the UK having worked on the development of 76MWp of ground-mounted solar assets to date.

Prospect Law and Prospect Energy provide a unique combination of legal and technical advisory services for clients involved in energy, infrastructure and natural resources projects in the UK and internationally.

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