

## CHANGES ON THE HORIZON FOR UK SOLAR

### PART III: A BRIGHTER FUTURE?

*This is the last of a series of articles covering the recent overhaul of the mechanics that previously structured government support for the UK solar industry. I previously examined the outcome of the FIT Consultation. My final article examines the future direction the SOLAR industry could take.*

A recent paper by the Institution of Mechanical Engineers projected a significant 55% shortfall in meeting the UK's energy demand should Amber Rudd successfully decommission the remaining fleet of UK coal power stations by 2025. Besides bolstering the clear need for an incentivised renewables framework, the paper also calls for the UK to take full advantage of its natural resources suited to clean energy sources. So, why stop now?

A large part of the apparent logic behind the cuts appears to be the progress made in transitioning to a low-carbon source economy. The UK has been set the EU target of 15% of energy demand from renewable sources by 2020. Figures released in June 2015 highlight that 6.3% of the resource for 2013/14 came from such sources, well above the target of 5.4%. Yet what the government does not appear to accept is that this strong deployment progress will not continue.

The time of securing the low hanging fruit of 5MW+ of capacity on distribution networks has gone. Network Operators are currently inundated with ENA applications for new generating projects that will struggle to secure a connection by the March 31<sup>st</sup> deadline. Small pockets of capacity remain in some areas of the country, but in most areas capacity is extremely limited, with some applicants joining interactive queues with 20+ participants.

The rolling improvement of the UK's electrical infrastructure is not, it seems, matching the demand from new connection projects, a consideration which may have been overlooked during the Government's FIT Consultation.

Several UK solar developers have now shifted their attention towards projects in Scotland. Devolved energy policies have meant that levels of previous support in England and Wales are still applicable across the border.

Once dominated by large wind farms, screening applications to local authorities and applications to SP Energy Networks for solar project works have spiked on an unprecedented level. Areas such as Fife and Midlothian, which have not been as high on wind farm developers' radars, have potential for commercial scale solar developers.

The structure of SP Energy's network is also relatively robust compared to network operators further south, allowing as much as 10MW in some cases to be exported onto their cheaper 11kV network.

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The falling cost of solar installations, coupled with suitable export capacities for reasonably sized projects has allowed developers to work around more healthy IRRs, despite lower PV irradiance scores north of the border.

ESB Networks, the licensed distribution network operator in the Republic of Ireland, have also received over 1.2GW of solar applications as developers gear up for the release of the brand new support framework in the coming months. The exact level of support has not yet been quantified, but Ireland's Department of Communications, Energy and Natural Resources new version of the previous REFIT schemes will incorporate both domestic and ground-mounted solar deployment.

KPMG have recommended €67/MWh (5p/kWh) for commercial scale, diminishing to €12/MWh (0.01p/kWh) by 2023 and entirely removed by 2030.

Meeting the demand for the UK's ever increasingly extensive energy culture is not without its challenges, as I hope has been detailed over my three recent articles. What seems quite clear to me is the need to provide financially viable incentives where both developers and governments can prosper whilst securing long-term clean energy solutions and helping to meet associated climate change objectives.

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