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## SUBSIDIES UNDER ATTACK? APPARENT RISE IN SHORT TERM OFGEM AUDITS

Since the fundamental changes to the Feed-in Tariff that have been introduced over the last 6 months it would appear that OFGEM has now moved its focus onto existing members of the scheme. We have noticed a significant increase in the number of OFGEM audits in the last few months investigating generating stations with existing full accreditation under the scheme, in many cases to be carried out by consultants Black & Veatch.

These audits look to be comprehensive, and investigate all aspects of the generating station's compliance with the underlying requirements of the FIT scheme, including the specifics of commissioning, the 'site' of the generating station, the metering arrangements and the information provided in support of the accreditation application.

We have seen such audits issued to a variety of technologies, including Solar PV, Onshore Wind, Anaerobic Digestion and Hydro and across a wide range of installation sizes, so it would appear that this round of audits is extensive.

The audit letters request the provision of detailed information and documents prior to the date of the audit, and are often requested at short notice. These requests may prove problematic for generating stations that have, since commissioning and accreditation, been sold on to long term investors who were not necessarily involved in the initial development and construction phase. We are working closely with our clients to assist in responding to these OFGEM audit requests.

Given the perceived assault on renewable energy schemes over the past few years there is a feeling in the industry that now that entry into the FIT scheme has been significantly reduced the Government is seeking further savings by looking for generating stations to remove from the scheme on technicalities, and this is causing a level of anxiety for some holding renewable generation assets. Where it was once the view that, having achieved full accreditation, an investment was safe, this feeling of long term security is currently under threat.

It is hoped by many that these audits are simply looking for obvious abusers of the scheme, however given the history of the renewables obligation and FIT schemes there is certainly a fear that this is an attempt to remove as many as possible from the scheme. The underlying rationale for these audits will become apparent in time, however we would be surprised if at least a few of these audit outcomes did not end up before the courts.

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