

BUILDING-MOUNTED SOLAR PV INSTALLATIONS GET SEPARATE TARIFF DEGRESSION BAND IN NEW FEED-IN TARIFF ORDER

On 1 January 2015 the Feed-in Tariffs (Amendment) (No. 2) Order 2014 (SI 2014/2865)¹ came into force. The Order, which has an attached explanatory memorandum and applies to England, Wales and Scotland, implements changes to the ‘degression bands’ for the feed-in tariffs (FIT) scheme. This follows the DECC consultation published on 13 May 2014², with part B of the consultation covering this proposal. The Government response was published on 2 October 2014.

Degression for solar PV tariffs, i.e. a reduction in the offered tariff rate, takes place on a quarterly basis, with generation tariffs changing on the first day of the first month of each quarter for new installations with an eligibility date on or after that date. The rate of tariff reduction is dependant on the levels of prior deployment of new PV installations, with ‘degression bands’ dictating the level of deployment required in the appropriate quarter to engage the set reduction. Updated FIT tables are published by Ofgem two months before the start of the quarter in which they will be applicable. The degression bands allow for reductions ranging from nil to a maximum 28% degression per quarter.

There will not be any degression if PV installation deployment is below a baseline threshold. However, degression can only be ‘skipped’ for two quarters in a row so, every nine months, there will be a minimum of 3.5% degression for each solar PV tariff.

This Order introduces new degression bands for solar PV installations with a Total Installed Capacity (TIC) of greater than 50kW. The new banding separates stand-alone and building-mounted (or ‘other than stand-alone’) solar PV installations, which were previously in the same band. Therefore, high levels of deployment of stand-alone ‘solar farms’ will no longer cause tariff reductions for building-mounted projects. The degression bands for building-mounted solar PV installations with less than 50kW TIC remain the same.

¹ <http://www.legislation.gov.uk/uksi/2014/2865/contents/made>

² <https://www.gov.uk/government/consultations/consultation-on-changes-to-financial-support-for-solar-pv>



This is consistent with the published Government policy of encouraging commercial rooftop development³, which may explain why the existing deployment levels, whilst having remained at the same overall level, have been split 65/35 in favour of 'other than stand-alone' installations.

The Government must believe that this new development will act to keep the tariffs for commercial rooftop solar buoyant enough to encourage further investment in this area, protecting such installations from large-scale depression brought on by potential solar farm development, whilst capacity in this area grows.

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³ <https://www.gov.uk/government/publications/uk-solar-pv-strategy-part-1-roadmap-to-a-brighter-future>