

Email to:

feedintariff@beis.gov.uk

17 July 2020

To whom it may concern,

Consultation on changes to Feed-In Tariffs deadlines: Consultation Response

Scottish Renewables is the voice of Scotland's renewable energy industry, working to grow the sector and sustain its position at the forefront of the global clean energy transition. We represent around 260 organisations across the full range of renewable energy technologies in Scotland and around the world, ranging from energy suppliers, operators and manufacturers to small developers, installers, and community groups, as well as companies throughout the supply chain.

Small-scale renewable energy generation has a vital role to play in our transition towards net-zero, providing energy security to communities and delivering a wide range of socioeconomic benefits to local areas. Many of the small-scale renewable projects that were pre-registered or pre-accredited under the Feed-in Tariff (FIT) scheme before its closure are based in Scotland. The unprecedented restrictions caused by the COVID-19 pandemic is continuing to have a major impact on the ability of these projects to meet their commissioning deadlines, putting their income from the FIT scheme at great risk. It is crucial that support is provided now to ensure that the many benefits that these projects deliver can be fully realised.

In responding to this consultation, we would like to draw your attention to the following points:

- We strongly support the 12-month extension for hydro projects with initial accreditation deadlines on or after 1 October 2020.
- We would note that the 6-month extension granted to projects due to commission before 30 September 2020 is not sufficient. We have detailed in our response to Q2 specific examples of how restrictions have impacted these projects and why we believe a further extension of 3-6 months is necessary.
- Given the uncertainty of a second wave of COVID-19 infections, we would urge that deadline extensions are kept under review given the potential for restrictions to be reinstated either nationally or within localised lockdowns.

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Scottish Renewables would be keen to engage further with this agenda and would be happy to discuss our response in more detail.

Yours sincerely,

A handwritten signature in black ink that reads "CDalziel". The signature is written in a cursive, slightly slanted style.

Cara Dalziel

Policy Manager

Scottish Renewables

- 1. We welcome views regarding the appropriateness of the proposed 12-month extension for hydro projects with initial accreditation deadlines on or after 1 October 2020, including on whether this proposal could have any unintended or undesirable consequences. We particularly welcome any evidence regarding the potential effectiveness of this proposal.**

Scottish Renewables strongly supports the proposed 12-month extension. We are not aware of any unintended or undesirable consequences that could result from this and as recognised within the consultation, an extension will have no impact on the estimated scheme cost forecasts.

Many projects have been unable to commence or continue with construction as planned due to the restrictions imposed in response to COVID-19. This has had a particularly detrimental impact on hydro projects where construction is restricted to certain months due to the seasonal pattern of river flows. This has left projects with little choice but to postpone construction, likely until the earliest point in Spring 2021.

A 12-month extension would provide these projects with the best chance of success, as well as some additional comfort should restrictions be reinstated on either a national or local level in the event of a second spike of COVID-19 infections. In light of the possibility of future restrictions, we would also suggest that any extension given should be kept under consideration as further significant delays will put additional pressure on project timelines.

- 2. We welcome evidence on the extent to which projects that benefitted from the extension have been able to progress, and on whether the 6-month extension remains sufficient in the current circumstances. We welcome evidence that would justify a further extension, and on how long any further extension would need to be. We also welcome views on whether a further extension would have any unintended or undesirable consequences.**

While the initial 6-month extension was welcome, we would suggest that this will not provide sufficient time to mitigate the impact of COVID-19 and allow projects to meet commissioning deadlines. A number of our members have experienced specific difficulties as a result of restrictions which will have an impact on their ability to meet the extended project deadlines.

In light of these challenges, which we have detailed below, we would suggest that a further extension of 3-6 months would provide the certainty required to enable the delivery of these projects. Additionally, it is important to note that despite the easing of restrictions we have not yet fully returned to normal working conditions and so it is crucial that a longer period is provided for construction. As way of example, construction of a community scale wind project would typically take around 4-6 months under normal working conditions and therefore the

initial 6 month extension does not provide sufficient additional time to allow projects to be constructed at this time given the knock-on impacts from the issues detailed below.

Supply chain

The restrictions have had a significant impact on both the domestic and international supply chain. A number of equipment suppliers, manufacturers and contractors have raised concerns about the impact that the COVID-19 pandemic has had on the availability of equipment and materials for construction. Longer lead times within the supply chain puts pressure on the ability to deliver the project's programme of works as planned.

Prioritisation of essential activities

Throughout the lockdown period, utility companies have been prioritising essential services and our members have reported that this has led to a delay in necessary works. These delays and the uncertainty of when the works can be carried out safely are impacting their ability to meet extended project deadlines.

In April 2020, Ofgem published an open letter¹ setting out its plans to enable network companies to prioritise work sensibly and respond to the impacts of COVID-19 on their customers, staff, and supply chains. The open letter informed network companies that they may temporarily suspend or post-pone certain Lower Priority Works and Services to focus capacity on delivering High Priority Works and Services in the event of escalating impacts of COVID-19 on the capacity of their workforce. As a result, some projects have faced delays in the works required to connect (e.g. environmental surveys required to confirm the route of cabling and the programme of construction works). Network companies themselves have experienced difficulty with their own contractors and have therefore needed longer than normal to programme their workload. Ofgem has since updated its regulatory expectations² which will see a return to the normal regulatory framework from 1 July 2020, however it is likely to take some time for network companies to clear any backlog of works and services that may have accumulated during the lockdown restrictions.

Scottish Water have been in a similar position and carrying out essential works only during the first phase of the lockdown period. This has had an impact on projects which require site visits and risk assessments to be carried out as these have been unable to go ahead. Again, as services begin to resume the backlog of works is likely to have a knock-on impact on the ability for projects to meet their deadlines.

¹ [Impact of COVID-19 on energy network companies – an enabling framework for regulatory flexibility, Ofgem, April 2020](#)

² [Impact of COVID-19 on network companies – regulatory expectations from 1 July 2020, Ofgem, June 2020](#)

Project financing

Given the impact of restrictions and ongoing uncertainty, coupled with concerns of the potential impact a second spike in infections and reinstated lockdown restrictions could cause, lenders are becoming increasingly concerned. This could have an impact on generators ability to secure funding for construction of projects at this time. A further extension to the deadline would provide funders with the additional confidence needed to lend to projects and allow construction to proceed.