

Email to:

REDevelopment@ofgem.gov.uk

30 July 2021

To whom it may concern,

Feed-in Tariff (FIT) Scheme: Consultation on replacement generating equipment.

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. We support the principle of this consultation, which will allow small scale generators to have more flexibility in replacement provision without losing the FIT accreditation. However, we are concerned that the scheme still does not allow a change in capacity. This is one of the main barriers to replace equipment for small scale generators, as the modern spare-parts available on the market now are more efficient than those that were available on the market when the schemes were built.

The replacement of equipment varies between technologies and this needs to be taken into consideration when developing any policy decisions.

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

- We support the principle of this consultation as the change will allow generators to carry out necessary repairs and maintenance at a reduced risk of losing FIT accreditation.
- We recommend that Ofgem applies a flexible criterion that allows generators to change the capacity of installation when new equipment is required, but with limits to the scale of change from the original capacity.

6th Floor, Tara House, 46 Bath Street,
Glasgow, G2 1HG
☎ 0141 353 4980 📧 @ScotRenew
www.scottishrenewables.com

Scottish Renewables Forum Limited.
A company limited by guarantee in Scotland No.200074
Registered office: c/o Harper Macleod,
The Ca'd'oro, 45 Gordon Street, Glasgow G1 3PE

- Where a vendor is no longer active in the market and a replacement of equipment is required a replacement unit should be deemed approved if the generation capacity is within acceptable limits of deviation from the original accreditation.

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, appearing to read "Angeles Sandoval", with a long horizontal flourish underneath.

Angeles Sandoval

Policy Manager

Scottish Renewables

Question 1: Do you agree with our proposed approach relating to replacement of generating equipment on the FIT scheme?

We welcome this consultation as the change proposed will allow generators to carry out necessary repairs and maintenance at a reduced risk of losing FIT accreditation. However, we still see a barrier in one of the FIT scheme requirements, which states that any repair or replacement of isolated components must not affect its generating capacity.

Small-scale low-carbon generation installed under the FIT scheme can now be over a decade old. Significant advances have been made in the technology since the start of the FIT scheme particularly in the efficiency of small-scale low-carbon generation components.

This is particularly concerning for the wind energy sector, as some of the replacement parts needed to make the required repairs are more efficient than those that were available on the market when the schemes were built. As the less efficient parts are no longer available, such repairs will result in a change in capacity.

When the FIT scheme was prematurely closed in 2019, demand for small-scale renewables dropped substantially causing many UK based manufacturers to fail, with the resultant loss of UK jobs and expertise. Today, there are almost no companies that can manufacture or provide replacement parts that match the capacity of installed turbines. Therefore, generators struggle to find a like-for-like replacement, leaving them at risk of losing their FIT accreditation.

We recommend that Ofgem takes a flexible approach to the replacement of faulty or damaged equipment by setting a percentage limit to the scale of change from the original capacity that any repair can make. This will provide generators with a clear boundary within which the replacement or repair can be carried out without losing the accreditation.

Question 2: Are there any other considerations that Ofgem should take account of in order to ensure the proposed approach effectively addresses the considerations detailed in Appendix 1, and continues to protect the public purse?

Three months after the closure of the FIT, the UK Government passed legislation committing the UK to achieving net zero climate change emissions by 2050. The Climate Change

Committee's 6th Carbon Budget¹, published nine months after the closure of the FIT, states that electricity generation will need to double by 2050 and for this electricity to be generated from low-carbon sources, the amount of renewable energy generation will need to quadruple.

Small-scale low carbon generation will play an important role in this major change in our electricity system, particularly in remote rural areas where grid reinforcement is likely to be costly.

At a time when the UK needs more not less renewable generation, the provisions of the FIT scheme seem perversely weighted in favour of removing generation from the system. To address this contradiction, we recommend that Ofgem do not view the cost of the FIT in isolation. Instead, Ofgem should do a wider cost/benefit analysis of the role that FIT schemes can play in providing low carbon energy to consumers and the relative costs of maintaining FIT supported generation versus providing the capacity to the FIT locations by other means.

In this context and following on from the answer to question 1, we recommend that where the rated total installed capacity is not replaced entirely like-for-like, this should fall under the same process as set out in the following supplier license condition:

- *10.3A. In the event that the output of an accredited FIT installation and an installation that is not accredited is not being separately measured, in calculating FIT Payments, the Mandatory FIT Licensee shall pro-rate the amount of electricity generated or exported by reference to the Total Installed Capacity of the accredited FIT installation.*

In this case, the installation would receive its original tariff on a pro-rata basis against the original project's total installed capacity; even if the capacity of the new equipment is such that the project would fall into a different capacity band within the FIT. For the additional capacity, as with FIT extensions, no additional FIT payments would be made.

Question 3: Do you agree with the proposed guidance changes detailed in annex 2?

We do not agree with the point 8.13, which states as follows:

'The repair or replacement of isolated components of an accredited FIT installation which do not affect its generating capacity should not affect the installation's accreditation under, and ongoing participation in, the FIT scheme. In assessing changes to installations, the licensee should identify whether the changes mean that all components of the accredited FIT installation have been replaced and whether the changes affect the installation's generating

¹ <https://www.theccc.org.uk/publication/sixth-carbon-budget/>

capacity. If the answer to both of these assessments is in the negative, there will be no impact on the FIT accreditation of the installation.'

Due to all the reasons mentioned previously, we would like to see a modification of this point that allows generators to modify the capacity of its renewable generation, with limits to the scale of change from the original capacity.