

# Solar Thermal – Policy impact of RHI

On the 3<sup>rd</sup> March, DECC issued a consultation on the Renewable Heat Incentive (RHI) proposing to remove solar thermal from April 2017. The STA is extremely concerned about these proposals set out in DECC's review of the Renewable Heat Incentive (RHI) consultation. Ministers have proposed a 'radical' reform of the RHI, with implementation in 2017, with a view to:

- Improving value for money
- Better supporting less able to pay households
- Improving cost control

## Summary of key proposals

### Timing

DECC in their consultation document say that their intention is to bring in the changes in March 2017. With smaller changes taking place in March 2016.

### Changes from 1<sup>st</sup> April 2016

- Removing the requirement for a Green Deal Assessment
- Exempt new self-build properties from the 183 days occupancy declaration
- Tariff adjustments will be linked to the Consumer Price Index (CPI)
- Update the expenditure trigger points for the scheme until the 31 January 2017
- Minor regulatory clarifications
  - Enabling Ofgem to amend RHI payments following the acquisition of a new EPC.
  - Providing clarity as to what is meant by rounding of tariffs to a specified number of decimal places.
  - Providing clarity for schemes that wish to be considered equivalent to the MCS by amending the references to standards. This will ensure the regulatory requirements will work for any scheme wishing to be considered equivalent to MCS for the purposes of the RHI.



The decision to remove the Green Deal Assessment will be welcomed by the industry and should help boost deployment.

## Removal of Solar Thermal

As part of the second stage of reforms Government intends to remove support for new solar thermal systems under both RHI schemes from April 2017, in order to promote value for money. Their justification is that solar thermal accounts for 17% of total accreditations (7,445 out of a total of 45,111) but just 2% of heat (11TWh out of 598TWh). In addition, a recent survey showed that around half of all owner-occupier applicants said they would have installed it anyway and that solar thermal is a mature technology with a well-established global supply chain. They claim that it is not clear that ongoing RHI support will serve to build this supply chain in the way that it can for other less mature technologies in the UK like heat pumps.

## STA's response

The STA responded robustly to the Government's announcement on the 3<sup>rd</sup> March 2016 in our press release which was picked up by the Times and the Guardian among many other outlets. The shock proposal comes after repeated statements from Energy Secretary Amber Rudd that renewable heat is the major focus for UK renewables policy given the UK is off track on its 2020 renewables targets. The government acknowledges the many benefits of solar thermal in the consultation, yet proposes singling it out for the removal of financial support. The STA plan on holding an emergency RHI meeting on the 21<sup>st</sup> March to discuss the next steps.

## The clear benefits of solar thermal

Solar thermal is an established & proven technology, with significant advantages:

- Fuel poverty reduction - implementation on social housing is testament to this.
- Negligible running costs which do not leave less-able-to-pay households exposed to ongoing costs
- Suitability for dense urban areas with small roof and interior spaces
- Carbon savings that are not dependent on high building fabric performance
- Low installed system costs
- Supports UK supply chain and jobs including installers and manufactures
- Technological innovation including integration with PV systems & other renewables

## STA Recommendations:

The exclusion of solar thermal will obviously be very damaging for the industry, including UK manufacturers, and counter to UK carbon and renewable heat objectives. DECC should continue to support solar thermal and continue to remove the barriers within the RHI that are restricting solar thermal. Extending the RHI to solar thermal for space heating and integrated PV-Thermal systems would have a positive impact. DECC should improve the communication of the scheme and update tools such as their online calculator which unfairly compare technologies. We believe Government should consider regulatory measures to facilitate the market, such as requiring new cylinders to be solar-ready.

