

What's Happening to the FIT Scheme?

THE CARBON
CATALYSTS
GROUP

August 2011

1 April 2010: The FIT scheme comes into operation.

11 November 2010: Greg Barker announces that government objects to stand-alone solar. He *insists* government won't act retrospectively.

March 2011: DECC announces that the tariff for PV solar schemes over 50kW will be slashed from 1 August. Again DECC says government won't act retrospectively.

March/April 2011: Industry starts to look at the extension rules under the FIT Order.

DECC is also looking at the extension rules—but does nothing about them, although it knows developers are planning to use them.

The extension rules allow small schemes that expand within 12 months of being built to claim the same tariff rates available before expansion.

DECC dubs this the 'loophole' because it means schemes partly built before 1 August will get the old, higher, tariff when the schemes are fully built.

9 June: DECC confirms the reductions for the solar PV FIT tariff. Its press statement says the change won't apply to schemes existing before 1 August. This is confirmation that existing schemes won't be affected. It is confirmation that DECC will not act retrospectively.

At this point it *knows* developers are using the extension rules.

June: During this period there are reports of energy companies talking to senior DECC officials who say that DECC knows about the loophole but does not intend to close it.

14 July: Government in the House of Lords claims solar PV was never intended to be large scale.

Lord Whitty objects, saying he was involved in the last government in

the FIT scheme and it specifically wanted to encourage large-scale schemes.

20 July: An email goes to members of two trade associations saying DECC has told them to tell members the extension-rules loophole will be closed.

There is no public statement from DECC. There is no announcement from DECC to companies that are not association members.

No-one knows or is told when this change will happen.

22 July: DECC announces its intention to close the loophole "as soon as possible".

The DECC website refers to end October.

July sometime: The reference to end October disappears, although it remains on page 3 of DECC's impact assessment*.

2 August: Two trade associations email members quoting from emails with DECC lawyers.

The quotes say many and conflicting things but in particular they say that *ministers can introduce the change in any timescale they wish.*

They appear also to say that ministers can introduce the change in a manner they wish.

What we are being told by DECC officials is that this government can do what it wants and how it wants.

DECC no longer says it won't act retrospectively—because it is acting retrospectively. It knew developers were using the extension rules and *after* they had committed funds said it would change the rules to undermine those projects accredited before 1 August.

That is pulling the plug on investment—and it is acting retrospectively.

*<http://www.decc.gov.uk/assets/decc/11/consultation/change-rules-fits-inst/2273-ia-fits-ext-change.pdf>