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The Rt Hon Lord Hunt of Kings Heath OBE
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17 November 2009

Your ref:
Our ref: IR/157895

FEED-IN TARIFFS

Dear Caroline,

Thank you for your letter of 6 November, about solar PV feed-in tariffs.

We remain strongly committed to the development of solar PV in the UK. We believe that renewable and low carbon technologies have a significant part to play in meeting the 2020 EU renewable target and reducing carbon dioxide emissions by 80%.

We have been developing and delivering effective financial support for small scale technologies to encourage more homes and communities to generate their own low carbon and renewable electricity and heat.

Since 2006, the Government has committed over £131 million to the Low Carbon Buildings Programme, which includes an additional £45 million announced in the Budget 2009. This new money will support the continuation of both Phase One (household) and Phase Two (schools, charities and other not for profit organisations).

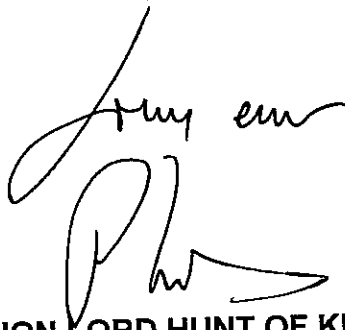
The Government has been actively supporting solar PV installations; however, we continue to see significant demand. We immediately brought forward £5 million of the £45 million to support solar PV specifically. As part of the extended LCBP Phase 2 programme, which began on 1 July, we will be directing a further £9 million to support non-domestic solar PV technology for the remainder of the 2009/10 financial year. We believe this provides excellent support for communities and schools to continue installing solar PV through to the introduction of feed-in tariffs (FITs). It allows us to commit £21 million to other technologies. We want to ensure there is adequate support for heat technologies through to the commencement of the renewable heat incentive in April 2011. In addition, an extra £10 million is being committed to domestic installations and this will also support solar PV installations for many householders.

On 15 July, alongside the UK Low Carbon Transition Plan and Renewable Energy Strategy, the Government published its Renewable Electricity Financial Incentives consultation. Through this document we are consulting on how best to implement FITs in Great Britain. FITs are a per unit support payment (pence per kilowatt hour) for electricity generation and are widely in operation in other EU Member States to support renewables. The introduction of FITs will mean a major departure from how small low-carbon generators in Great Britain are currently rewarded. In the consultation document we have also proposed tariffs for technologies that can be supported under FITs. We believe that through a FIT mechanism, and the solar PV tariffs we have proposed, there will be a significant increase in solar PV installations in the UK, particularly at the household level.

The Government is committed to ensuring there is no hiatus in support for solar PV and other technologies supported through the Low Carbon Buildings Programme. Accordingly we have announced that installations completed in the period from 15 July 2009 to the FITs launch date will benefit from FITs as if the installation had been completed on the FITs launch date. (Please see section 3.45-3.47 of the UK Renewable Energy Strategy for more information).

The consultation closed on 15 October. The Department will be considering carefully all the responses received with a view to publishing the Government's response to the consultation towards the end of this year.

I hope this is helpful to your constituent.

A handwritten signature in black ink, appearing to read 'Lord Hunt', with a stylized flourish below it.

THE RT HON LORD HUNT OF KINGS HEATH OBE