

## **Solar PV and Feed-in Tariffs**

From 1<sup>st</sup> April 2010 those who generate electricity through Solar PV panels receive payments from energy suppliers. The scheme guarantees a minimum payment for all electricity generated by the system, a separate payment for any excess electricity exported to the grid and savings made on bills. The payments you are eligible to receive vary depending on system size and when it is installed. The payments are index linked and are guaranteed for 25 years. For further information on tariffs please go to [www.decc.gov.uk](http://www.decc.gov.uk)

With the introduction of Feed-in-Tariffs there are a number of organisations offering customers the opportunity to have free solar PV panels instead of the homeowner buying the panels.

### **How free solar PV offers work**

- The company installs the solar panels on south, south-west or south-east facing roofs
- The company pays for the installation, connection charges and the maintenance of the panels
- The home owner benefits from free electricity from the panels Any electricity that is not used is exported into the local electricity network. Any income associated with this is likely to go to the installation company
- As the owner of the solar panels, the company receives the full Feed-in-Tariffs income (approx £1,000 per year for a typical 2.7kWp system)

These free solar PV offers are also referred to as "rent a roof space" schemes with the solar panel owner simply 'renting' the roof space from the customer.

### **How much you could save**

The amount of money you will save depends on the proportion of the electricity generated that is used directly in the home, rather than exported to the grid. This will depend on a number of factors, including:

- How much electricity you use and when you use it
- Whether you are at home and using appliances during the day
- Whether you can change the time you run your appliances, for example running your washing when it's sunny (when solar PV is generating) instead of at night
- How big the solar PV installation is

### **What to ask if offered free solar PV**

Here is a list of key questions to ask if you are approached by a company offering free solar PV. Also included are some guidance notes we've drafted on the sort of responses you may get or what a good response might be.

**Q. Who's paying for the equipment? Is that in full? Who owns the equipment? (and is that all of the equipment – i.e. meter, wires inside building etc – or just equipment on the roof/in the back yard?)**

We would expect anyone offering this scheme to pay for the equipment in full. This includes the solar panels, the inverter, metering and wiring of system. All equipment is likely to be owned by the company with many handing over ownership after 25 years.

**Q. Who gets (a) the generation tariff, (b) the export tariff, (c) the 'free' electricity?**

We expect the company providing the free technology to receive the full generation tariff and the export tariff (around £1,000 per year for a 2.7kWp system), and for you to benefit from the free electricity. If the company isn't offering all the electricity for free then you should carefully consider whether it's worth going ahead as benefits may be minimal. We estimate the amount of 'free' electricity to be around £70 for a typical system in a typical home, though this could be as high as £140 if you use a lot of electrical appliances during the day.

**Q. Is the electricity used onsite and/or exported going to be metered, or will it be assumed that 50% (the deeming assumption in FIT) will be used?**

It's highly likely this amount will be deemed at 50%, as this is the standard unless an export meter is fitted. It is also likely that this amount will change in the near future when Smart meters are introduced.

**Q. Who pays for maintenance and repairs (e.g. if the DC/AC inverter fails after 8 years)?**

All maintenance and repairs should be paid for by the company installing the equipment, as they are likely to be the owner of the technology. You should check for this in any agreements.

**Q. Who will insure the equipment? Against what?**

It's likely that you won't own the equipment so you should not have to insure it. It is therefore up to the company to insure their equipment against fire, theft, wind damage etc.

**Q. Who will be liable if the equipment causes damage to my family or my neighbours? Or if it causes damage to mine or my neighbours' building or electrics?**

This may be difficult to answer as you would have to prove that the damage was negligence on the part of the company installing the equipment e.g. faulty wiring. Any faulty work should be reported to the company immediately for them to rectify.

It is also crucial that the company checks that the roof is strong enough so a structural assessment should be carried out.

**Q. Are you in effect lending me money to do this, either as a loan or a hire purchase deal? In which case: How long for? What is the annual equivalent interest rate (AER) on the money? Where is your consumer credit license? and; Can I have 7 or 14 days cooling off please (depending on whether the deal was done in person)?**

For most free solar PV offers there will be no loan agreement as the equipment will be owned by the company. However, if you are being offered the system as a purchase in its own right (equipment and installation) then you should consider very carefully any loans being offered, and should seek independent financial advice before going ahead.

**Q. What happens if I decide I want to pay off the remaining costs early? Can I have the FIT re-assigned to me?**

This will depend on the contract drawn up between you and the company.

**Q. What happens if I move house and the new owners don't want to 'inherit' the deal?**

It's highly unlikely the company offering the panels will want to sell them back or allow you to sell along with house. Therefore the agreement will stick with the property and you will have to consider this when selling the property. This is one of the key questions you should ask anyone offering such scheme.

**Q. Are you giving any performance guarantees for the equipment? (and what happens if it stops working and generating FITs for you? Is that your risk?)**

This is the company's risk as it relates to performance of the system and quality of products used. However most PV cells have manufacturer performance guarantees ranging from 20-25 years so this shouldn't be a problem.

**Q. Do I need to let my mortgage company and/or buildings insurer know that this installation has taken place? Will I need their permission?**

We recommend telling your mortgage provider about this before going ahead.

**Q. What happens if the company which owns the equipment ceases to exist or goes into liquidation?**

This will vary for each situation. However, because the system generates an income then the liquidators may decide to keep it running in order to pay off creditors.

### **Planning Permission**

There are a number of opportunities to install Solar Panels under 'Permitted Development' where Planning Permission is not required. There are however, important exceptions and provisos to this. We therefore advise that it is always worth contacting the Planning Department prior to undertaking any works to the roof structure or installing freestanding structures.

Exceptions include where Solar Panels are proposed on Listed and Curtilage Listed buildings, Conservation Areas and within the World Heritage Site and Buffer Zone. There are often other options to explore so again it is worth contacting the Planning Department prior to carrying out any works.

The following guidance has been taken from the Planning Portal and is for guidance only. This is an introductory guide and not a source of legal information.

### **Roof and Wall Mounted Solar Panels**

The following limits apply to roof and wall mounted solar panels:

- Panels should not be installed above the ridgeline and should project no more than 200mm from the roof or wall surface.
- If your property is a listed building installation is likely to require an application for listed building consent, even where planning permission is not needed.
- Wall mounted only - if your property is in a conservation area, or in a World Heritage Site, planning consent is required when panels are to be fitted on the principal or side elevation walls and they are visible from the highway. If panels are to be fitted to a building in your garden or grounds they should not be visible from the highway. (highway includes public rights of way)

### **Standalone Solar Panels**

The following limits apply to standalone solar panels:

- Should be no higher than four metres
- Should be at least 5m from boundaries
- Size of array is limited to 9 sq m or 3m wide and 3m deep
- Should not be installed within boundary of a listed building
- In the case of land in a conservation area or in a World Heritage Site it should not be
- visible from the highway.
- Only one stand alone solar installation is permitted.

Further information can be found at

<http://www.planningportal.gov.uk/permission/commonprojects/solarpanels>

### **Additional considerations**

If you do decide to go ahead with a free solar PV offer, it is also worth considering the following:

Maximise savings by using appliances such as washing machines and dishwashers during the day when the power provided by the solar PV is highest

Avoid wasting energy by putting some cost effective energy efficiency measures in place.

For information on other types of alternative technology go to [www.energysavingtrust.org.uk](http://www.energysavingtrust.org.uk) or contact Joanne Walker the Councils Energy Officer on 0173 841332