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Section Six

PAYING FOR IT

Grants and loans

## Section Six

# PAYING FOR IT

All the products in the preceding sections cost money; some a lot of money, some less. Fortunately, it's possible to get discounts on many of these products, and grants are available for some people.

### 1. Insulation

The cheapest and most effective way to save energy is by installing insulation. An average loft costs about £250 to insulate with 10" or equivalent. Cavity insulation costs a little more.

The place to start in West Somerset is the WARM STREETS grant. This offers free loft and cavity insulation and draughtproofing for eligible residents.

Eligible residents are people who are

- owner occupiers or private tenant

And are either • over 70

or • have an income less than £30,000 and savings of less than £20,000

or • are in receipt of certain benefits

Anyone who does not meet the above criteria will still be eligible for a discount of roughly 50%

*Please note insulation works are subject to survey and grant availability. Grant criteria can change at any time.*

Ring 0800 512 012 or contact Forum 21 to confirm current arrangements.

WARM FRONT is a national scheme, government funded. It will provide a heating system (up to a certain limit) if the house has no central heating, or one that is irretrievably broken, and also provides free insulation and draughtproofing. This is free to eligible homeowners and private tenants, but the eligibility criteria are tighter than for Warm Streets. Ring 0800 316 2805 or visit [warmfront.co.uk](http://warmfront.co.uk)

Both these schemes ring to arrange a survey, followed by installation if appropriate. Warm Front can be slower.

*NOTE: Currently (July 2010) Warm Front has no CERT funding. We have been told that new applications may be delayed. Fuel suppliers also offer similar schemes. It may be faster to apply to one of these.*

**Forum 21 can refer you directly to Warm Streets and Warm Front grants.**

### 2. Heating

A new central heating system using wet radiators can cost £3000 upwards; night storage heaters a bit less. A new condensing boiler can cost £600-700 plus fitting costs. There are no grants for boilers, but see the Warm Front scheme above for central heating grants.

### 3. Schemes from energy companies

Utility companies offer a variety of things either free or with discounts, which may be greater for their own customers. What is offered changes quite frequently so you need to keep checking.

They will insulate loft, cavity wall, tank, pipes, free for priority groups: people over 70 and on disability or means tested benefits; with discounts for others. They do a free survey and quote, and may be quicker than government schemes. Some companies run a boiler scrappage scheme:

see [www.boilerscrappagescheme.co.uk](http://www.boilerscrappagescheme.co.uk)

#### How to find out what they offer

- Heat project 0800 093 4050 funded by utility companies to provide insulation
- Contact energy companies for details of schemes

SCOTTISH & SOUTHERN

0800 300 111

EDF

0800 269 450

E'ON

0800 051 1480

SCOTTISH POWER

0845 601 7836

NPOWER

0808 975 1373

BRITISH GAS

0800 072 7100

• Some companies have funds for community organisations 0870 126 1444

#### **Help with fuel bills**

The Home heat helpline (0800 336 699) helps people who have trouble paying bills. Companies run various schemes for vulnerable people such as social tariffs and the priority service register, for people paying more than 10% of their income on energy. (See Social Tariffs on p...)

#### **4. Switching suppliers**

This can save as much as £200 pa on energy bills. Some people recommend checking at least once a year to see if you can get a better deal. (See Switching Tariffs on p...)

#### **5. Low cost loans for home improvements**

Wessex Reinvestment Company, a not for profit company, offers cheap (3%) loans for home improvement work which is not covered by other grants, which can include insulation and heating. They may give an additional £1000 top up, eg for windows. These loans are for home owners who may not be eligible for the free schemes.

This scheme is supported by West Somerset Council.

#### **6. Grants for renewables**

There is more information on this in section 3, Renewables.

The government grant for solar thermal was ended by the new government in June 2010.

The feed in tariff for producing electricity and hot water helps to pay for installing these technologies (see section 3).

The Low Carbon Communities Challenge grant, available through the Exmoor National Park, makes grants to communities for renewables and insulation.

See [www.exmoor-nationalpark.gov.uk/.../carbon.../lowcarbonchallenge.htm](http://www.exmoor-nationalpark.gov.uk/.../carbon.../lowcarbonchallenge.htm)

[Additional sheets from CSE](#) (updated regularly)

Switching tariffs

Social tariffs

# Switching tariffs



*[Information updated 2/4/09]*

We recommend that you regularly check you are getting good value for money from your fuel supplier, ideally once a year. Ofgem, the industry regulator, says you could make potential savings of £130 per year simply by switching supplier or checking you are on the cheapest tariff possible with your existing supplier. This fact sheet will tell you where to go to find the best deal for you and how to switch.

## **Existing Supplier:**

The first step is to establish with your existing supplier what tariff you are currently on. You should ask if there is a cheaper option available. Usually the cheapest way to get your gas and electricity is to get them both from the same supplier as you will often get a dual fuel discount and to pay monthly by direct debit. Paperless billing over the internet often gives an additional discount. If you are in receipt of certain benefits or are over a certain age you may find you are able to access a social tariff. A social tariff is a cheaper tariff that is offered to vulnerable households who would otherwise struggle to stay on top of their energy bills. Social tariff criteria differ from company to company however.

## **The main social tariffs are:**

British Gas:	Essentials Tariff	0800 0727100
EDF:	Energy Assist	0800 269450
EON:	Staywarm/Age Concern	0800 0511480
Scottish Power:	Carefree Plus	0141 2726042
Npower:	Spreading Warmth	0808 9751373
Scottish & Southern:	Energy Plus Care	0800 300 111

## **The Priority Services Register:**

If you are of pensionable age, disabled, visually or hearing impaired or have long term health issues you can request to be put on the Priority Services Register. All fuel suppliers are obliged to keep this register to provide additional care to those who need it. You will then be entitled to some or all of the following services:

- Quarterly meter readings (avoids building up debt or being over-charged)
- Free gas safety check
- Meter relocation (to a more accessible place)
- Advance notice of disruption to your electricity supply
- Special controls/adapters for appliances and meters
- Password protection scheme (so you can be sure you are letting in a genuine representative of the company rather than a bogus caller).
- Bill nominee scheme (bills may be sent to friends, relatives or carers)
- Services for hearing/vision impaired customers

## Switching Supplier:

To find the best deal in your area you can do the following:

- Contact the fuel suppliers directly
- Check with an Consumer Focus accredited comparison service
- Contact Consumer Focus (consumer watchdog) on 0845 9060708

The following are Consumer Focus accredited price comparison and switching services. For more information please see Consumer Focus website: [www.consumerfocus.org.uk](http://www.consumerfocus.org.uk).

<a href="http://www.uswitch.co.uk">www.uswitch.co.uk</a>	0800 4047961
<a href="http://www.moneysupermarket.com">www.moneysupermarket.com</a>	0845 3451296
<a href="http://www.saveonyourbills.co.uk">www.saveonyourbills.co.uk</a>	0800 0553800
<a href="http://www.switchwithwhich.co.uk">www.switchwithwhich.co.uk</a>	
<a href="http://www.theenergystore.com">www.theenergystore.com</a>	0845 3307247
<a href="http://www.simplyswitch.com">www.simplyswitch.com</a>	0800 011 1395

The main things to check when shopping around for the best deal are:

- Is there a standing charge?
- Is there a dual fuel discount?
- Is the contract fixed term and will I be charged if I end it early?
- What are the unit prices for gas and electricity?
- Can I pay by my preferred method?
- Do they offer any discounts or incentives?

Once you have decided on the new package it is simply a question of actually switching. You can use a switching service (see above) who will deal with the switch for you or you can approach your chosen new company and ask to switch. They will then set up your new account. They will need to know your meter numbers which you can find on the meter itself or you can ask your current supplier. Some companies will inform your old supplier about the switch for you but it is worth telling them yourself that you will be leaving as they will need 28 days notice. It helps to inform them both by telephone and in writing. If they are not informed it could delay the switching process. From start to finish the process takes about six weeks.

**Note: Always take a meter reading when switching supplier.** That way you will be sure you have been billed correctly by your new and old supplier. If you have an unpaid bill with your old supplier this could hold up the process so make sure any outstanding amount has been paid. For prepayment meter customers always make sure you are issued with a new payment card or key from your new supplier.

**If you would like to speak to a trained adviser, for any further details or more general advice on how to save energy, money and the environment, call 0800 512 012**

This free phone line is provided by the South West Energy Saving Trust advice centre, which is a free and impartial energy advice service and is available to all domestic households in the region. It is part of a national network of advice centres managed by the Energy Saving Trust.

The Centre for Sustainable Energy can also provide training sessions, presentations and resources to groups and organisations – please call 0117 934 1400 to find out more.



## Social Tariffs

Fuel suppliers often offer reduced tariffs to more vulnerable customers. These are known as Social Tariffs. The qualifying criteria and the reductions offered differ from company to company and can change periodically so it is important to always check what is available with the suppliers before signing up. If you are in receipt of certain benefits, or you are over a certain age or spending over a certain percentage of your income on your fuel bills you may be eligible. This fact sheet will give you more information on the main tariffs available.

Fuel supplier	Tariff	Qualifying criteria and details	Contact number
British Gas	<b>Essentials Tariff:</b> 10% discount on gas, 10% discount on electricity	Customers must be over 70 or have a chronic illness or receive either Attendance Allowance or Disability Living Allowance. In addition customers must be in receipt of a means tested benefit <b>and</b> have a household income of less than £15,000	0800 072 7100
EDF	<b>Energy Assist:</b> 6% discount on gas, 6% discount on electricity and £37.50 off gas and £37.50 off electricity per year	Customers in receipt of Pension Credit or Income Support or those spending more than 10% of their net income on energy. (Prepayment customers receive an annual rebate rather than the 6% ongoing reduction).	0800 096 9966
Eon	<p><b>Staywarm:</b> Fixed price tariff</p> <p><b>Warm Assist:</b> 15% discount on gas, 15% discount on electricity</p> <p><b>Age Concern Tariff:</b> £10 daily discount on heating bills in severe cold weather (£20 for over 80s)</p>	<p><b>Staywarm:</b> Available to the over 60s only. The price is fixed regardless of usage and is calculated according to the previous year's usage. There is a fair use policy however and the tariff is not open to very high users. Annual assessments made.</p> <p><b>Warm Assist:</b> Available to over 60s who receive Disability Living Allowance or Attendance Allowance or Pension Credit. There is a minimum spend of £60/month required on fuel bills to qualify.</p> <p><b>Age Concern:</b> Available to all householders over 60. This is in addition to the national Cold Weather Payment.</p>	0845 303 3060

Scottish Power	<p><b>Fresh Start:</b> Discounted tariff</p> <p><b>Carefree Plus:</b> (To be confirmed): £30-£50 annual rebate onto account</p>	<p><b>Fresh Start:</b> Customers must be over 60 and be in receipt of certain benefits including Attendance Allowance, Disability Living Allowance, Pension Credit etc. This is the cheapest tariff offered by Scottish Power currently.</p> <p><b>Carefree Plus:</b> Rebate for customers registered on the Priority Services Register (known as 'Carefree') for vulnerable households. Yet to be confirmed by Scottish Power.</p>	0141 568 6182
Scottish and Southern	<p><b>Energy Plus Care:</b> Annual rebate of £50 for gas, £50 for electricity and £100 for dual fuel customers</p>	<p>The qualification for the tariff is worked out using a points system. Those spending 10% or more of their income on fuel will automatically qualify. Other circumstances will be awarded points which will then be added up. Depending on the result the customer may or may not qualify. For more details contact Scottish and Southern.</p>	0800 622 838
N Power	<p><b>Spreading Warmth:</b> Discounted tariff</p>	<p>Currently this scheme is over subscribed but customers who qualify may still be able to access the scheme if a third party such as the Citizens Advice Bureau makes a referral</p>	0808 172 6999

**Please note that if you are on a direct debit tariff, an internet tariff or a fixed price tariff you may find it is cheaper to continue paying by this method than switching to a social tariff. The best thing to do is discuss this with your fuel supplier or call us for advice.**

**Always do a price comparison when considering your options to make sure you do get the best deal for your circumstances.**

If you would like to speak to a trained adviser to get free and impartial advice on how to save energy, money and the environment call the Energy Saving Trust Advice Centre on: **0800 512 012**.

**This information was correct on day of printing 03.12.09** and is provided by the Centre for Sustainable Energy. The Centre for Sustainable Energy can also provide training sessions, presentations and resources to groups and organisations. Please call 0117 9341400 for more info.

Centre for Sustainable Energy | 3 St Peter's Court | Bedminster Parade | Bristol BS3 4AQ | 0117 934 1425 | cse.org.uk



# Feed-in tariffs: a simple illustration

Produced by the Centre for Sustainable Energy

July 2010

Here's a house that uses 4,200kWh of electricity a year (about the UK average). And let's say the family that lives here pays 15p per kWh for it. This amounts to an annual electricity bill of ...

$$4,200 \times 0.15 = \text{£630}$$

If the family installs **solar (PV) panels** on the roof, they'll be able to claim **feed-in tariffs** and benefit from the electricity they produce in three ways:

1) A **generation tariff**. This is a set rate paid for each kWh of electricity the home generates. The rate varies according to which technology is installed (PV, wind etc), how big the installation is, and in what year a home enters the feed-in tariffs scheme (although once you're in you stay on the same tariff for 20 years, or 25 years for PV). For this household, the generation tariff is set at 41.3p per kWh. See [www.est.org.uk/Generate-your-own-energy](http://www.est.org.uk/Generate-your-own-energy) for details of tariff levels.

2) **Lower electricity bills**. Some, but not all, of the household's electricity demand (lighting and appliances) will be met by the solar panels – free electricity! How much they save depends on how much electricity they use during the day when the solar panels are 'active'.

3) An **export tariff**. What the household generates but doesn't use (for example when they are out during the day) is sold to the grid for a fixed 3p per kWh. The export rate is the same for all technologies.

Feed-in tariffs are index linked and the income from them is tax free.

Let's assume the solar panels generate **2000kWh** a year. As a 2010 entrant to the feed-in tariff, the household gets paid a **generation tariff** of 41.3p for each kWh regardless of whether it is used by the householder or exported to the grid. This works out at a yearly income of ...

$$2000 \times 0.413 = \text{£826}$$

Half of the electricity generated by the panels (**1000kWh** a year) is used by the household\*. This is free electricity reducing their annual bill by £150 (i.e.  $1000 \times 0.15$ ).

$$630 - 150 = \text{£480}$$

Of course, if the family used **more** of the electricity they generated - e.g. by running their washing machine during the day - their bill would go down further and they'd save more money. The **1000kWh** a year that they don't use is sold to the grid earning an **export tariff** of 3p/kWh

$$1000 \times 0.03 = \text{£30}$$

So, instead of paying **£630** a year for electricity, the household **earns** ...

$$\text{£826} + \text{£30} - \text{£480} = \text{£376}$$

\* Until all UK homes are fitted with 'smart meters' which will be able to measure the actual amount exported to the grid, it is assumed (or 'deemed' as the feed-in tariffs say) to be 50%. So the family in this illustration will receive an export tariff of £30 even if they use more of their electricity themselves and end up exporting less.



"Don't forget the simple things like insulating your loft!"

certain images are © www.istockphoto.com; house illustration (Milorad Zarić); tree (Elinatova); insulation roll (boomstudio); solar panels (Ralph125)

**NB. This leaflet shows the kind of calculation that you need to do to see if it's worth you investing in renewable energy under the Clean Energy Cashback scheme. However generation-tariff figures vary according to technology, size of installation and year of entry into the scheme. See [www.est.org.uk/Generate-your-own-energy](http://www.est.org.uk/Generate-your-own-energy) for full details.**



3 St Peter's Court  
Bedminster Parade  
Bristol BS3 4AQ  
0117 934 1400  
Charity no 298740

We are an independent national charity that shares our knowledge and experience to help people change the way they think and act on energy. Find out more at [www.cse.org.uk](http://www.cse.org.uk)

# Fair deal feed-in tariffs

## Checking the small print on solar PV offers

Solar PV panels are expensive. But with the feed-in tariffs now available, they can be an attractive investment. And some companies and groups are interested in helping you to take advantage of the opportunity. So you might be offered a solar panel for free, in exchange for the feed-in tariff income and possibly other payments.

Fair deal? Well, maybe - after all, the company or community group that has invested in the kit needs to recover its costs. And maybe you don't want the up-front cost or hassle involved in buying your own solar array.

But there's more to having a small electricity-generating station on the roof of your house than who pays and what they get in return. There are other issues to sort out - like insurance, maintenance and performance liabilities.

So before signing on the dotted line, you should know exactly what you're letting yourself in for. Here is a check-list of the issues to consider.



### Key questions to ask anyone offering you a feed-in tariff deal on solar PV

- 1 Who's paying for the kit? Is that in full?
- 2 Who gets (a) the feed-in tariff, (b) the export tariff, (c) the 'free' electricity? Is the exported electricity going to be measured or 'deemed'?
- 3 Who owns the kit? And is that **all** of the kit – ie meter, wires inside the building etc – or just the kit on the roof and/or in the back yard?
- 4 Who pays for maintenance and repairs (eg if the DC/AC inverter fails after 8 years)?
- 5 Who's insuring the kit? Against what?
- 6 Whose liable if the installation does damage to my building, my electrics, my family, my neighbour's building, my neighbours?
- 7 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 AER – annual equivalent interest rate – on the money? Where is your consumer credit license? And, can I have 7 or 14 days cooling off (depending on whether the deal was done in person)?
- 8 What happens if I want to pay off the remaining costs early? Can I have the feed-in tariff re-assigned to me?
- 9 What happens if I move house and the new owners don't want to 'inherit' the deal?
- 10 Are you giving any performance guarantees for the kit? And what happens if it stops working and generating feed-in tariffs for you? Is that your risk?
- 11 Who pays for removing the kit and making good if (a) my roof needs repairing or (b) the kit is damaged beyond repair?
- 12 Are the installers and product registered with the Microgeneration Certification Scheme (MCS)? See [www.microgenerationcertification.org](http://www.microgenerationcertification.org)
- 13 Who is responsible for addressing any planning issues or electricity distribution company notification requirements? Who pays any associated costs?
- 14 Do I need to let my mortgage company and/or buildings insurer know that this installation has taken place? Will I need their permission?

### Warning

This information has not been reviewed by trained legal expertise so should be taken with a pinch of salt. It has been written very quickly by Simon Roberts at the Centre for Sustainable Energy because he was asked a question by someone about a 'rent-your-roof' deal and he couldn't find a list of questions to ask, in spite of lots of people having suggested they were about to produce one. Feedback and additions from a variety of very helpful people have now been included but this health warning still stands.

## Background notes

The UK Government has introduced feed-in tariffs to encourage the installation of renewable energy systems like solar PV. The tariffs offer premium prices for the renewable electricity generated by the systems.

The feed-in tariffs have been set at a level which should enable anyone investing in the installation of renewable electricity generating equipment to make about 7-9% return on that investment over the presumed lifetime of the equipment, taking ongoing operating costs into account. This includes the 'income' from the feed-in tariff and the export tariff and the value of 'avoided electricity purchases' (i.e. the savings on the bill from using some of the generated electricity rather than buying it).

So if someone (eg a company) is offering to paying for the installation up front, they will certainly want the feed-in tariff paid to them – or 'assigned' to them (so that they get it paid to them directly) – for a reasonable period of time in order to recover their upfront cost and generate a return on their investment. They may also ask for the export tariff to be similarly assigned. And possibly either an upfront contribution to installation costs or agreement from the building occupier to buy (probably at a discount) the electricity generated by the equipment which they themselves use (i.e. the units not exported). As a general rule of thumb, the more you give away, the less fair the deal! But a deal with no upfront cost with just feed-in tariff assignment may be very reasonable (subject to the answers to all the other questions).

But the installation cost isn't the only cost associated with a PV panel. They may be *low* maintenance but they aren't *zero* maintenance. And some components can be expensive to replace if they fail (which they have been known to do). And the equipment needs to be insured (not least against the damage it could do if, for example, it fell off the roof). If these costs are not being carried by the 'offerer' of the deal, then paying them all the feed-in tariff might be too generous.



**Panel games: before you rent out your place in the sun you should be very clear what the terms of the deal are.**

The terms of the deal are important. If you own the equipment, they are lending you money and taking the feed-in-tariff as repayment. This is likely to be caught under the consumer credit act and therefore offer you various protections and rights to information (eg interest rates); they must have a consumer credit license. It must also provide for early repayment and describe what happens in the event of default (eg if equipment stops generating and therefore doesn't earn feed-in tariffs).

If they are offering the equipment on some sort of hire purchase or leasing type arrangement, the same applies, though these usually includes rights to return the equipment and may also have an additional payment at the end of the period to transfer ownership to the householder.

There is advice around suggesting that the equipment 'goes with the house' so that anyone buying the home will slot into whatever deal is set up. It is highly unlikely that this can be enforced (until such time as there is legislation which ties finance to buildings rather than people

Installing a PV panel on the roof of your home may be a material change to the property which needs to be notified (probably in advance) to your buildings insurer and, possibly, your mortgage company (depending on the terms of your mortgage). Maybe. If the equipment provider suggests it isn't necessary, you should ask for evidence as to why (or, more cynically, ask how they know the terms of your buildings insurance/mortgage).

All this said, not everyone is trying to rip you off - only some of them! It's just that some may be offering a deal which *they* haven't thought through which may invalidate the terms of your buildings insurance and create costs and liabilities for you which are unreasonable in the context of a generous feed-in tariff.

Note that these questions need to be answered by any community group looking to set up its own arrangements for local people (including the potential need for it to have a consumer credit license).

**Simon Roberts**

Centre for Sustainable Energy, June 2010

simon.roberts@cse.org.uk



3 St Peter's Court, Bedminster Parade, Bristol BS3 4AQ  
0117 934 1400 | info@cse.org.uk | www.cse.org.uk  
Registered charity 298740 | Registered company 2219673

# Fuel Supplier Insulation Discount Schemes

Information updated: 09.04.10

You can call any of the phone numbers below to arrange for a free survey for loft and cavity wall insulation.

\*If your loft already has some insulation then you may need to pay an additional cost for a top up. The maximum depths are given below.

N.B. ALL PRICES QUOTED ARE SUBJECT TO SURVEY

Fuel Supplier	Approximate cost to customer PRICES GIVEN ARE BASED ON A 3 BED SEMI- DETACHED HOUSE			Available to all homeowners, privately renting, council and housing association tenants?	Company energy efficiency/insulation advice line
	Loft Insulation in an uninsulated loft	Top up Loft Insulation*	Cavity Wall Insulation		
<b>British Gas</b>	Customers: £249. Non-customers: £274.	£249 if current depth is less than 6 inches	Customers: £225. Non-customers: £250.	Yes	0845 301 4927
<b>EDF Energy</b>	Customers and Non-Customers: £199	£199 if current depth is less than 4 inches	Customers and Non-Customers: £199	Homeowners and privately renting tenants only	0800 096 9966
<b>Npower</b>	Customers £149. Non-customers: £149.	Price subject to survey. Only available if current depth is less than 4 inches	Customers £149. Non-customers: £149.	Homeowners and privately renting tenants only	0800 980 2135
<b>E-ON</b>	Customers and Non-customers: £150	Price subject to survey. Only available if current depth is less than 4 inches	Customers and Non-customers: £150.	Homeowners and privately renting only. Will not insulate flats or maisonettes at all.	0845 3017836
<b>Scottish &amp; Southern Energy</b>	Customers and Non-Customers: £145 if current depth is less than 2.5 inches	£260 if current depth is between 2.5 and 6 inches	Customers and Non-Customers: £150.	Homeowners and privately renting only.	0800 072 7201
<b>Scottish Power</b>	Customers and Non-customers: £199 semi-detached, £249 detached	£199 if current depth is less than 2.5 inches	Customers and Non-Customers: £199.	Homeowners and privately renting only.	0845 601 7836

Insulation is available for **FREE** for those **over 70** and those in receipt of **qualifying benefits** up to the depth of insulation quoted above for each fuel supplier



## Feed-in Tariffs (Clean Energy Cashback scheme)

### **Generate your own electricity - and get paid for it!**

Feed-in Tariffs (FITs) became available in Great Britain on 1st April 2010. From this date individuals, organisations and businesses in England, Wales and Scotland can claim cash back for electricity they produce from eligible renewable and low-carbon sources. The scheme provides a fixed payment for the electricity you generate, called the “generation tariff”. It also pays for any unused electricity that you export to the grid, the “export tariff”. A further benefit is that you won't have to pay for electricity that you generate and use yourself.

So householders will be paid for every kilowatt-hour (kWh) or unit of electricity they generate from renewable sources: that's photovoltaic panels (PV), wind turbines, hydropower, anaerobic digestion and micro-CHP (combined heat and power). They will also get paid for unused units exported to the grid. And they avoid having to pay for units they generate and use themselves.

There are different rates of payment for the different technologies and different scales. For example, for every kWh generated using:

- Solar PV you get paid 41.3p (assuming the system is a 'retrofit' and up to 4kW in size)
- Wind will pay 34.5p (up to 1.5kW in size)
- Less for other types.

For any power that is not used, and is returned to the grid, you will be paid an extra 3p per kWh. These payments will continue for 20 or 25 years (depending on technology).

Note that these tariffs levels only apply for the first two years of the scheme, and will reduce each year thereafter. So, for example if a householder installs a PV system in year 3 of the scheme they will get paid 37.8p/kWh for the duration of the scheme. But the starting tariff will remain constant for the 20 or 25 years of the scheme.

In addition, householders will also be saving the money they would normally be spending on their electricity bills by using some of the 'free' electricity they generate. The Government's own estimates indicate that a return of 6-8% could be made on the initial investment. Some predict that this could be between £900 and £1,200 a year. For the average household system it's likely to be less, say £300 to £500 per year.

#### What you need to know

- There are no more grants available for renewables. They have been replaced by the Feed-in Tariffs (Clean Energy Cashback) scheme for electricity and the forthcoming Renewable Heat Incentive for heat which is due in April 2011 – although this is still subject to Government approval.
- Systems of up to 50kW (both product and installer) must be approved by the Microgeneration Certification Scheme (MCS) in order to qualify for Feed-in Tariffs
- For solar PV you will need a large enough roof; and you will only get the maximum return if your roof faces due south, although you will still generate useful power if your roof faces SW or SE.
- The cost: A typical PV system starts at around £10,000 (installed) for a 1.5 - 1.8kw system, suitable for a 3 bed semi, for instance.

- Further useful information is available from the EST, available at: [www.energysavingtrust.org.uk/Generate-your-own-energy/Sell-your-own-energy/Feed-in-Tariff-Clean-Energy-Cashback-scheme](http://www.energysavingtrust.org.uk/Generate-your-own-energy/Sell-your-own-energy/Feed-in-Tariff-Clean-Energy-Cashback-scheme)
- CSE has produced a simple illustration of how FITs work, available at: [www.cse.org.uk/downloads/file/feed-in\\_tariffs.pdf](http://www.cse.org.uk/downloads/file/feed-in_tariffs.pdf)
- CSE has also produced guidance for householders on what questions to ask, available at: [www.cse.org.uk/news/view/1471](http://www.cse.org.uk/news/view/1471)

### Renewable heat

The Government has consulted on a similar incentive for generating heat from renewable sources, known as the Renewable Heat Incentive (RHI).

It is proposed that householders will be paid for every kilowatt-hour (kWh) of heat they generate from renewable sources: so ground and air source heat pumps, solar thermal, and biomass (either solid, liquid or gas).

Again it's proposed that there are different rates for different types and scales of technologies. For example, in the Government's consultation document for every kWh generated using:

- Solar thermal you'd get paid 18p (assuming the system is up to 20kW in size)
- GSHP will pay 7p (up to 45kW in size)

Government is proposing that these payments will continue for between 10 to 20 years (depending on the technology).

The RHI is likely to operate differently from the Feed-in Tariffs scheme because we don't normally meter heat. So under a proposed approach called 'deeming' an accredited installer would assess a property to determine energy demand and the level of RHI compensation.

### What you need to know

- Although the scheme isn't scheduled to begin until 1<sup>st</sup> April 2011 there are no more domestic grants available for renewables.
- Solar water heating systems produce hot water for the home. They cost less than PV, around £3,000 - £4,000 for a typical system that should provide 50-60% of a household's annual need.
- Information on the Government's proposals for the RHI is available at: [www.decc.gov.uk/en/content/cms/what\\_we\\_do/uk\\_supply/energy\\_mix/renewable/policy/renewable\\_heat/incentive/incentive.aspx](http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/renewable/policy/renewable_heat/incentive/incentive.aspx)

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