

We're Housing Scotland



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The Right Honourable Greg Barker MP
Minister for Energy and Climate Change
Department of Energy and Climate Change
3 Whitehall Place
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2nd December 2011

Dear Minister,

Review of Feed in Tariff levels for domestic solar photo voltaic installations

I would like to raise our serious concerns about the review of Feed-in Tariffs (FiTs) for solar photo voltaic (PV) schemes. These result from the launch of DECC's consultation Comprehensive Review Phase 1: Consultation on Feed-in Tariffs for Solar PV.

I write on behalf of the Scottish Federation of Housing Associations (SFHA), the representative body for housing associations and co-operatives in Scotland. The SFHA understands the need to review FiTs in order to ensure value for money and to respond to reductions in the price of PV panels as the market grows. However, we have serious concerns that the scale of the proposed cuts in tariff would effectively prevent housing associations and co-operatives in Scotland from implementing schemes. This would produce three significant and negative impacts:

- the carbon emissions reductions that would have been achieved will be lost;
- housing associations' and co-operatives' tenants will not benefit from the significantly reduced electricity bills that would have helped our members to address fuel poverty in tenants' homes;
- loss of job and training opportunities due to the loss of FiTs income that would have been used by cooperatives and housing associations to improve existing homes.

Scottish Housing Associations and PVs

A significant number of housing associations and co-operatives in Scotland have been working to develop schemes to install solar PV on their homes. Unlike commercial operators, the primary motivation has not been to gain investment returns through FiTs payments. Instead, our members have developed schemes in order to cut fuel poverty and reduce the carbon emissions responsible for global warming. Housing associations and co-operatives that were anticipating income from solar PVs had planned to invest that money in increasing the energy efficiency of their homes or in other schemes to benefit their communities.

Investing in solar PV and taking advantage of FiTs schemes was particularly attractive to Scottish housing associations and co-operatives because of some unique circumstances. Scotland has longer, colder winters than the rest of the UK and a higher proportion of properties that are "hard to treat" or off the mains gas network. 21% of properties in Scotland do not have

mains gas.¹ Housing associations and co-operatives also have a high proportion of poor and vulnerable tenants who would have benefited from the reduced fuel bills – 60% of our members' tenants are in receipt of full or partial housing benefit in order to pay their rent.²

Schemes that encourage investment in renewable energy and that can provide cheap or even free energy to vulnerable tenants on low incomes therefore have the potential to make a significant impact. That is why the SFHA has been supporting our members in the development of these schemes. This issue is exacerbated by the fact that while the Scottish climate means that solar PV funded by FiTs had the potential to provide major benefits, it also means that any UK-wide cut in the tariff will disproportionately impact on Scotland, which has fewer hours of sunlight than the rest of the UK.

SFHA Proposal

While acknowledging the overall need for DECC to limit the cost of FiTs to bill payers we strongly believe that there are two key reasons why a different approach needs to be taken with housing associations and cooperatives in Scotland.

1) Social Benefits of PV installations by housing associations and cooperatives

Housing associations and cooperatives are not-for-profit organisations that house and provide services to some of the poorest and most vulnerable members of society. The benefits that solar PV brings to tenants would help to alleviate fuel poverty and provide affordable warmth in our members' homes. Any income that housing associations and co-operatives received from FiTs would be reinvested in their homes and communities in order to increase energy efficiency, improve existing homes, provide jobs and training and invest in other community benefits.

2) Impact of Longer, Colder Winters in Scotland

The Scottish climate makes FiTs particularly effective in addressing fuel poverty and reducing carbon emissions. It also means that any reduction in the FiT rate has a more severe impact in Scotland than elsewhere. A survey of our members has found that the proposed cuts would effectively prevent them from installing solar PV after December 2011. A large number of schemes which have already been developed by housing associations are now jeopardised by the proposals. From information provided by our members we know that:

- 6,000 housing association and co-operative homes across Scotland that would have benefited from solar panels, saving an estimated £130 per year, will not receive solar panels
- The carbon savings of 24 tonnes of carbon per house will be lost
- Millions of pounds that would have been generated to fund other energy efficiency measures in housing association homes will be lost

The SFHA is calling on DECC to allow housing associations and co-operatives to continue to be eligible for the higher level community tariff. By doing this DECC would be taking into account the charitable objectives of housing associations, and the funding limitations imposed by the colder, longer winters in Scotland. Otherwise a great deal of development work will be put to waste, and

¹ Off Grid Energy – An OFT Market Study, Office of Fair Trading October 2011

² Scottish Housing Regulator Registered Social Landlords in Scotland Summary Facts and Figures 2008/09

housing associations will be unable to use FiTs to reduce fuel poverty, cut carbon emissions and fund energy efficiency improvements to their properties.



Yours sincerely

Mary Taylor
CEO SFHA

CC Rt Hon Chris Huhne MP Secretary of State for Energy and Climate Change;
Rt Hon Michael Moore MP Secretary of State for Scotland