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4 August 2021

To whom it may concern

## **Energy Saving Trust's response to Ofgem's consultation on replacement generating equipment**

Energy Saving Trust is an independent organisation dedicated to promoting energy efficiency, low carbon transport and sustainable energy use. We aim to address the climate emergency and deliver the wider benefits of clean energy as we transition to net zero.

We empower householders to make better choices, deliver transformative programmes for governments and support businesses with strategy, research and assurance – enabling everyone to play their part in building a sustainable future.

Evidence from the programmes that we manage on behalf of governments and other organisations across GB, including the Scottish Government funded Home Energy Scotland loans programmes, and the Community and Renewable Energy Scheme (CARES), the Welsh Government Energy Service and SP Energy Networks' Green Economy Fund emphasises the important role that the availability of FITs played in decisions by consumers to invest in generating equipment. The evaluation of the Home Energy Scotland loans programme in 2018-19, for example, found that around 16% of loan recipients felt that they wouldn't have been able to afford the loan without FIT and RHI and just under 50% felt that FIT and RHI payments helped them to afford the loan.

In this context we very much welcome the publication of this consultation – it is important that the guidance about the replacement of generating equipment is as clear as possible in order to ensure that consumers do not inadvertently do something that results in the withdrawal of their installations' FITs accreditation simply because the guidance was not as clear as it could be.



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Reference No. 716195

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The outcomes of this consultation and the resultant changes to the guidance will be very relevant to many of those that have previously benefitted from the programmes we manage on behalf of governments and other organisations. In one recent case, for example, a Home Energy Scotland customer had issues with PV system production output since their system installation in 2014. Their meter readings were significantly lower than expected (as were their FIT payments) and they attempted to contact the original installer with no results. That installer has now folded. They were subsequently quoted £4,000 for replacement of the micro-invertors and £8,000 for an entire new system. While both sums were prohibitive, the replacement of component parts was considerably less so and this was the option the customer pursued. In this context we would very much like to be kept up to date with the outcomes of this consultation and the publication of the revised guidance as this will ensure we can provide the most up to date advice possible and signpost consumers to the most up to date materials.

**Question 1: Do you agree with our proposed approach relating to replacement of generating equipment on the FIT scheme?**

Yes, Energy Saving Trust agrees with Ofgem's proposed approach relating to replacement of generating equipment on the FIT scheme. We would however, as noted in our response to question 3 below, welcome greater clarity about Ofgem's intentions in relation to capacity changes.

**Question 2: Are there any other considerations that Ofgem should take account of in order to ensure the proposed approach effectively addresses the considerations detailed in Appendix 1, and continues to protect the public purse?**

See our response to question 3.

**Question 3: Do you agree with the proposed guidance changes detailed in annex 2?**

We would welcome clarification on some of the proposed guidance changes detailed in annex 2. We note that the text in the last paragraph on page 5 of the consultation document does not appear to be fully consistent with the examples provided in paragraph 6.5. of the Guidance for Renewable installations.

The text in the last paragraph on page 5 of the consultation document notes that: *"The act of replacing generating equipment would not, in itself, result in the withdrawal of accreditation and any such*

*modifications would not be taken into regard unless there is a breach of the scheme rules.” And that this includes “modified such that the capacity of the installation changes”*

This suggests that replacing generating equipment such that it results in the capacity of the installation changing would result in a withdrawal of accreditation.

However, the 4<sup>th</sup> example provided in paragraph 6.5 of the Guidance for Renewable installations suggests that this would not necessarily be the case. This example suggests that where the capacity has changed the generator simply *“needs to notify Ofgem and their licensee”* and notes that their *“accreditation continues”*.

From the information available it is therefore not clear whether Ofgem’s intention is that where the capacity of the installation changes as a result of repair or replacement accreditation would be withdrawn or not. We would welcome greater clarity on this point in the final guidance.

We note that replacement of equipment could result in a change of capacity due to the fact that like-for-like replacement parts will, in many cases, no longer be available, depending on the age of the system. It is vitally important that the lack of availability of like-for-like replacement parts does not result in the loss of FITs accreditation and that, within certain limits, Ofgem allows some flexibility for capacity to change in such cases. Without such flexibility there would be a strong incentive for consumers to run sub optimal installations (or worse abandon them).

We note, for example, that there have been a number of enquiries associated with this issue to the Scottish Government’s CARES scheme which Energy Saving Trust manages. As an example, we have been approached by a consortium project comprising five groups from Shetland who own non-functioning turbines in both 10 and 20kW sizes with ancillary controls and linked systems in village halls in various locations. The wind turbines were installed on the understanding that they were robust enough for the wind regimes. However, they had a short operational life before being mired in multiple faults and breakdowns. Around this time there was a concerted effort to try and get these operating using repairs and modified solutions, however, ultimately these efforts proved unsuccessful. The original turbine manufacturer has now gone out of business. The towers and ancillary infrastructure remain but the turbines require a head replacement. Given the limited choice of products in the small wind sector it is likely that a replacement head with a different capacity will be required.

If you have any questions about our response or would like any additional information, please do not hesitate to contact me ([elaine.watson@est.org.uk](mailto:elaine.watson@est.org.uk)).

Yours sincerely

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