

Media Release

The Impact of Changes to Solar PV Feed-in Tariffs

20th of December 2011: Cambridge Modelling Ltd published a report today which examines the impact of government plans to reduce feed-in tariffs on the UK solar photovoltaic industry.

“The proposed changes to the feed-in tariff scheme will significantly delay the development of UK solar photovoltaic industry efficiencies,” said Dr. Mark Hughes, Director at Cambridge Modelling Ltd. “In the absence of the changes, small solar photovoltaic installations are set to achieve grid parity (equality with retail electricity prices) by 2019. The changes to the scheme will delay grid parity and extend the need for feed-in tariff support by approximately 3 years,” said Dr. Hughes.

The report also identifies important omissions from the DECC consultation on the feed-in tariff changes.

Dr. Hughes said, “Large savings for electricity consumers from the development of UK solar photovoltaic industry efficiencies under the existing tariff schedule have been overlooked. In 2020 alone, these missed savings could exceed £57 million”.

Dr. Hughes also warned that, “The DECC consultation assumes optimistic capital cost forecasts and large reductions in the rate of return on investment which leaves the UK solar photovoltaic industry with no margin for module price fluctuations in a traditionally volatile market.”

“Cambridge Modelling recommends a more comprehensive approach to the determination of feed-in tariff reductions, based on long-term price trends, to ensure steady and sustainable levels of growth in the UK solar photovoltaic industry,” said Dr. Hughes.

The full report can be downloaded from the Cambridge Modelling website at:
<http://www.cambridgemoelling.com/2011/12/20/solar-pv-feed-in-tariffs/>

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