

Generate valuable returns with **solar pv**

Government confirms financial incentives for installing solar

What this means for business

The Government has published its plans to reward businesses, communities and homeowners who install solar electricity. And the news is good.

The Government has listened to what businesses said – and index linked the tariffs as well as improving the rates.

We have modelled the numbers and perhaps one of the most significant developments as a result of these improvements is that we now believe there is sufficient space for investors to provide financing for solar developments.



The structure of the tariff is:

1. You are paid for every unit of electricity you generate, whether you use it or not. This is called the generation tariff and the exact amount you are paid varies according to the size of the system (see table A below). The generation tariff is index linked. Businesses will pay tax on this revenue.
2. If you consume the electricity generated, you avoid paying for grid electricity. Businesses therefore save money in line with the size and yield of the system. Most people believe that electricity will only become more expensive in the future, so the amount you save grows each year.
3. If you don't use all of the electricity generated, you receive a further tariff for the electricity you export back into the grid; the export tariff. This is the same for all generators and is set at 3p for a base price and is index linked. Alternatively, you can opt out of the export rate and find a buyer for your electricity on the open market.

Table A: Generation tariffs

Size of system	Type of install	Pence per unit generated
≤4kWp	New build	36.1
≤4kWp	Retrofit	41.3
>4-10kWp	New build or retrofit	36.1
>10-100kWp	New build or retrofit	31.4
>100-5,000kWp	New build or retrofit	29.3



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What this means for housebuilders: **PV financing will reduce the cost of meeting the Code.**

Many housebuilders have found solar PV a convenient way to meet the Code for Sustainable Homes targets.

Cost has been an issue and, to date, grants have helped alleviate the capital requirements for PV systems.

PV is easy to install and doesn't create any maintenance problems so is attractive to organisations who own completed dwellings.

Our view is that the tariffs shown above will result in innovative financing which will further reduce the cost of PV for housebuilders.



What this means for housing associations: **PV financing will lift people out of fuel poverty.**

The tariffs are good news for housing associations both on the new build and the asset management sides of the business.

whoever has paid to install the system) can benefit from the generation tariff; thereby offsetting the costs of the installation.

The Government has structured the tariff so that the tenant can benefit from the electricity savings and the HA (or

In our view, tenants of social housing are set to be the biggest beneficiaries of PV generated electricity.



What this means for owners of commercial buildings: **Yields will improve and electricity bills will go down.**

Building owners have several options regardless of whether they are an occupier or not.

generation tariff and selling, exporting or consuming the electricity. Alternatively, it's also possible that the owner will be able to host a system owned by a third party and benefit from reduced electricity prices.

They can buy the system themselves and collect a return by receiving the



What this means for developers of commercial buildings: **Solar installations will improve attractiveness.**

Developers have the option to install PV systems at the time of building the development and may be able to attract third-party investment to finance the install if the development is large.

This will help developers achieve targets such as BREAM Excellent, and will make developments more attractive to future tenants.

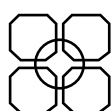


Solarcentury works across all business sectors. We are the most experienced solar company in the UK, having worked with public sector, corporates, housebuilders and housing associations for the last 12 years.

We're committed to solar in the built environment thanks to its reliability, scalability and because it's a great way to make money from your roof.

We are able to capitalise on our experience of working in countries with existing tariff arrangements such as Germany, France, Italy and Spain to form a comprehensive view on how the tariffs will change the UK market and how business can translate these financial incentives into opportunities.

Find out more about the tariffs from the UK's most experienced solar company.



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