



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

020 7219 5777 - beiscom@parliament.uk - www.parliament.uk/beis - @CommonsBEIS

Rt Hon Claire Perry MP
Department for Business, Energy and Industrial Strategy
1 Victoria Street
Westminster
SW1H 0ET

9th October 2018

Dear Claire

I am writing on behalf of the Committee regarding the Government's proposal to abolish the export tariff, the mechanism that works alongside the Feed in Tariff (FiT) to ensure small-scale renewable electricity generators are paid for the power which they supply to the electricity grid. The proposal would mean that no new applicants were accepted under the scheme from 31 March 2019. While the loss of the generation tariff was expected, closing the export tariff would appear to leave consumers - including householders, small businesses and community organisations - who use technologies such as solar panels as the only generators not paid for the power they feed into the electricity network.

Representative bodies have suggested that this proposal conflicts with new EU law, such as the revised Renewable Energy Directive (RED II), which enshrines the right of consumers to receive remuneration at market value for their exports to the grid. Instead, it risks resulting in small generators subsidising the big players of the power industry, if their electricity is supplied to the network for free.

We are concerned that the proposal risks destabilising the small-scale renewable industry by disincentivising early adopters and investment in the sector. I understand that around 9,000 solar jobs were lost the last time FiT rates were cut in 2016. A recent survey conducted by Renewable Energy Consumer Code revealed an expectation that the proposals to close the FiT without a replacement or continued export tariff will result in extensive job losses in the industry. Over 40% of companies reported that they were considering withdrawing from the solar industry entirely.

Please could you clarify your Department's plans for the future of the export tariff and how these plans remain consistent with the Government's commitment to meet our carbon reduction targets at least cost. We would appreciate a response by 23rd October.

with best wishes

Rachel Reeves

Rachel Reeves MP
Chair of the Business, Energy and Industrial Strategy Committee



Department for
Business, Energy
& Industrial Strategy

The Rt Hon Claire Perry MP
Minister of State for Energy and Clean Growth

**Department for Business, Energy &
Industrial Strategy**
1 Victoria Street
London
SW1H 0ET

Rachel Reeves
House of Commons
London
SW1A 0AA

T +44 (0) 20 7215 5000
E enquiries@bis.gov.uk
W www.gov.uk

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Your ref:

30 October 2018

Thank you for your letter dated 9th October regarding the proposal to close the Feed-in Tariffs scheme (FIT), including the export tariff, to new entrants after 31st March 2019.

We are currently carefully considering the responses to our Consultation proposing the closure of the FIT scheme and Call for Evidence on the future for small-scale low carbon generation. I intend to provide a formal response on these matters in due course.

Thank you again for taking the time to write.

Yours ever,

THE RT HON CLAIRE PERRY MP
Minister of State