

# Energy and Climate Change Committee

Committee Office House of Commons 14 Tothill Street London SW1H 9NB

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Rt Hon Amber Rudd MP  
Secretary of State  
Department of Energy and Climate Change  
3 Whitehall place, London, SW1A 2AW

17 December 2015

Dear Amber

## **Re: Solar PV in the UK**

I am writing on behalf of the Energy and Climate Change Committee to express concern at the recent announcements on solar PV. Less than a week after the historic global agreement to tackle climate change was reached in Paris, it is regrettable that the Government is further cutting support for renewable energy in the UK.

The Government has taken on board some of the concerns expressed by industry during the consultation process and limited the extent to which it has reduced the Feed-in-Tariff rates. But in spite of this, concerns remain about the impact that the reduced, but still drastic, 65% rate will have on the industry. We are also worried that the deployment caps which limit new spending on the FIT scheme to £100m up to the end of 2018-19 will be quickly reached. Perhaps of greatest concern is the fact that, according to the Department's calculations, between 9,700 and 18,700 jobs are now at risk as a result of your changes to the Feed-in Tariff.

Furthermore, by pressing ahead with the early closure of the Renewables Obligation and the removal of grandfathering the Government has been extraordinarily brave in the face of strong opposition from the industry and concerns raised by the renewable energy sector. We appreciate that you believe the industry to be over-stating the potential impacts of your decision but if they prove to be right, we anticipate that you will review these decisions with the appropriate urgency. We will not hit our Paris obligations if the deployment of renewables falls away.

The ramifications of the policy changes are much wider still. The most alarming issue is the damage to investor confidence in the renewable energy sector resulting from a sudden and unpredicted series of announcements, combined with what have been perceived as rushed consultation processes. The UK fell from 8th to 11th place in the September 2015 EY Renewable Energy Investment Attractiveness Index, with the authors commenting that "a plethora of policy-related announcements [...] has sentenced the UK renewables sector to death by a thousand cuts".

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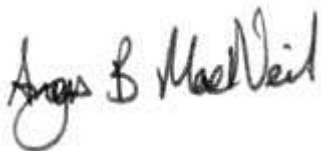
Investors are crying out for “clarity, consistency and continuity”. The Department appears to be making unexpected policy decisions that are being criticised routinely in our evidence sessions as being exactly the opposite.

Investor confidence matters because - quite apart from the fact that we need significant levels of investment in energy infrastructure to meet our security and climate objectives - the more risky investors perceive projects in the UK to be, the greater the return they will demand on their investments.

You have spoken on numerous occasions about the importance of keeping costs down for consumers. However, costs incurred now are investments for the future and the impact of current policy changes on consumer bills over the longer-period must also be considered.

We appreciate that you are under significant budgetary pressure but those who have contributed to my committee’s work have been unequivocal in their analysis: We will not hit our decarbonisation targets if the deployment of renewable energy schemes slows and we will not deliver it more cheaply if investor confidence continues to be diminished. We will watch the impacts of these decisions closely and look forward to discussing them with you in due course.

Regards

A handwritten signature in black ink that reads "Angus B MacNeil". The signature is written in a cursive style with a large initial 'A'.

Angus Brendan MacNeil

Chair, Energy and Climate Change Committee