Assured Energy **Outlook**

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Support scheme for small-scale renewables set to close, while EIIs gain exemption

A consultation was opened by the government on 19 July on the closure of its Feed-in Tariffs (FiT) scheme. Opened in 2010 the FiT supports small-scale low-carbon technology developments such as sub-5MW solar installations.

The government proposed to close the FiT tariff, which rewards recipients for exporting power back to the grid, alongside the closure of the generation tariff. This would mean full closure of the FiT scheme to new applications after 31 March 2019.

Industry body the Solar Trade Association (STA) criticised the announcement and said that 28,000 businesses and 800,000 households would not be generating solar energy today without the scheme.

A consultation was simultaneously launched on the future for small-scale low-carbon generation. The government's view is that, where it is beneficial to its objectives and the electricity system, developments should deploy in a system in which "competitive, market-based solutions are brought forward, the private sector can innovate and invest, and where technologies can compete on a level playing field".

It was also announced that the government intends to bring in an Energy Intensive Industry (EII) exemption for the FiT scheme. It would see EIIs avoid the indirect costs of the subsidy, funded instead by an increase in bills for non-exempt consumers. EIIs are already exempt from paying indirect costs for the Contracts for Difference and Renewables Obligation schemes. The FiT exemption will be introduced by 1 April 2019 or as soon as "practically possible".

The FiTs closure consultation ends on 13 September, while the future for small-scale renewables consultation closes on 30 August.

Timetable and funding for low-carbon energy auctions announced by government

On 23 July the government said that it will provide up to £557mn of funding towards future Contracts for Difference (CfD) auction rounds, aimed at increasing the UK's renewable energy capacity.

The next CfD auction will be in May 2019, with subsequent rounds roughly every two years. They will cover both offshore wind and, for the first time, remote islands wind projects. Each CfD round is expected to deliver 1GW-2GW of new renewables capacity and that the UK's offshore wind capacity could double over the next decade as a result.

Energy and Clean Growth Minister Claire Perry said: "We expect the offshore wind sector to continue cutting costs and reducing bills." The news was welcomed by the energy sector and SSE said that the plans provided "much-needed certainty".

Views sought on energy efficiency package

A consultation has been launched by the government that seeks views on a package of measures to support businesses in improving their energy productivity by 20% by 2030. To achieve the target, it was estimated that up to an additional £23bn of private sector investment will be needed for measures that could include strengthening of building standards over time and facilitating the growth of the energy efficiency market.

Views are sought by 26 September on the level of the 2030 target, the challenges to achieving it and how progress is measured, as well as actions the government could take to support business in taking up energy efficiency improvements in buildings and industrial processes.

Government launches five-year review of Capacity Market

On 8 August the government launched its five-year review of the Capacity Market (CM), which is intended to incentivise investment in more sustainable, low-carbon electricity capacity at least cost. It set out a view that the CM is working "broadly as intended" and that, while desirable changes may be sought, it does not "foresee the need for fundamental change".

The document said that many of the drivers behind the introduction of the CM continue, with significant plant closures expected in the 2020s and the need to remove the barriers to market entry. Several priority issues were detailed, including the consideration of the participation of unsubsidised renewables in the CM. It also stated an intention to consider issues around interconnectors and cross-border participation, noting that the former represents a positive contribution to ensuring security of supply and sustaining competition in CM auctions.

UK breaks renewable energy records in 2017 but lags behind Europe in onshore wind

The latest annual government energy statistics roundup, published on 26 July, revealed that renewables made up a record share of UK energy generation in 2017. Renewable technologies generated 29.3% of the country's energy during the year, up from 24.5% in 2016. Fossil fuels remained the dominant source of total energy supply but were at a record low level of 80.1% of the total mix.

Overall, primary energy production rose in 2017, up 0.4%, driven by growth in wind, solar, hydro and bioenergy. Net electricity imports decreased by 16.8% to 14.8TWh over the year.

The renewables sector was boosted by a record year for wind generation in 2017. According a report from WindEurope published on 26 July, the UK continued to boost its offshore wind prospects in H1 2018 as it gained by far the most of the continent's 1.1GW new capacity at 911MW. However, the country lagged behind 15 other nations in terms of onshore installations with 13MW installed of the 3.3GW total.

A quarter of businesses think renewable energy is a "fad", survey finds

Research by business electricity supplier Haven Power has found that more than one in four (27%) of British businesses consider renewable energy to be a passing trend. It found the perception to be highest in the financial services sector at 40%. In contrast, 59% stated that they think renewables are key to a cleaner future, with three in five citing an interest in generating energy onsite in future.

Agriculture led all other sectors in renewable energy procurement, whereas the hospitality and entertainment sectors were least likely to make sustainable changes as they said it wasn't a priority for their customers.

Chief Operating Officer at Haven Power Paul Sheffield said: "It's concerning to see the proportion of businesses that still view renewable energy as a passing trend, despite evidence showing that a move to cleaner energy is essential for the environment."

In other news

- A report by the government published on 18 July found that from 2006-15 energy consumption by UK businesses has decreased, with electricity use down 13% and gas down 16%. Split by business type, the greatest decline in electricity consumption was by small businesses (14% reduction) and for gas use was medium-sized companies (25%). The industrial sector consumed the most energy, followed by offices, retail and health.
- According to a report from Drax published on 14 August, coal's share of the electricity mix in Great Britain dropped below 1% for the first time in June. The company said that the possibility of the country going entirely coal-free for a whole summer "now looks more achievable than ever".

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