

'Clean Energy Cashback' FAQ



1. 'Feed-in Tariff' or 'Clean Energy Cashback' Scheme - Are they the same thing?

Yes. 'Feed-in Tariff' is the internationally recognised name for incentives which guarantee rewards for producers of clean energy over a period of years. The UK government has chosen to call the UK version the 'Clean Energy Cashback' Scheme, presumably because they think it's a better, more descriptive name.

2. Where does the money come from?

The money to pay the producers of green energy comes from a small levy on every energy consumer. We Support Solar has calculated that even if the government were to add another 10p to every level of the FIT the levy would still not amount to more than 7p per week being added to the average UK bill: A small price to pay for sustainable energy security.

3. How much money will I make if I install solar?

It all depends how much you install, where you are and which way your solar faces. Say you have a south facing roof (south is best, but east and west still work too) at about a 35 degree pitch in southeast England and installed a 2.5kWp (roughly 20 square meter) system. That would cost you about £12,500 at today's prices. The Government grant, available until April 2010, is worth £2,500 So your system will only cost £10,000 with the grant.

A 2.5kW PV system will generate about 2,125 units (kilowatt hours kWh) of electricity per year and the generation tariff is proposed at 36.5p per unit.

As well as receiving the generation tariff for every one of those units, you'll typically use about half of that in your house, and export the rest to the grid, resulting in a payment for the exported units at 5p/unit.

And, if you use half the electricity that is generated, you save buying regular electricity at 13p / kWh:

Income from generation tariff (2125 x 36.5p) = £775
Income from electricity sales (1062 x 5p) = £53
Savings on avoided electricity purchases (1062 x 13p) = £138
Total annual income + savings = £966

On your investment of £10,000 you could get back approximately 9.7% per year.

The amount might vary a little each year depending on electricity prices, but that's a pretty healthy investment. Over the 25 years for which it is proposed the tariff is guaranteed, we estimate you'd earn nearly £20,000 based on this example, which will give you a modest profit on your original outlay. And the great thing about solar PV is its life span is even longer than the tariff, so you would carry on benefiting from free electricity for years to come!

4. How do I join and by when do I need to sign up?

At the moment we are in a 'once in a lifetime' situation where home owners qualify for BOTH the original government grant AND the 'Clean Energy Cashback'! But that will end in April 2010, then you will just get the Tariff. People who sign up in the year April 2010 - April 2011 will get the best rate for the duration (25 years) of the tariff. If you sign up in the next year (April 2011 - April 2012) under the current government proposals you will get 7% less every year for the duration of the tariff, the next year 7% less again... and so on.

The 'degression' of 7% per year is something we would like to see the government change, for example in Italy the FIT 'degression' rate is only 2%. But regardless of whether they do or don't, if you are going to get solar installed and sign up, do so as soon as possible!

We don't know exactly how you will join the 'Clean Energy Cashback' scheme, since the government have not finalised the details yet. Presumably you will need to send off a few forms and a copy of the invoice for your system to prove how big it is. Your solar installer may do this for you. We will add more details on this as soon as they are announced but for now all you need to do is get your solar system installed and hang on to your invoice!

5. What if I move house?

If you get solar installed and start claiming the Feed-in Tariff you will have lower bills AND a steady income from the FIT payments. This means you will be able to sell your house at a higher market value (both for the capital you have spent on the system AND the savings and income, which are guaranteed for 25 years). Then you simply sign over the FIT paperwork to the new owner and they take over the system with the house.

6. Is it just for homes?

No, the following list details the different rates of the FIT for different building types and system sizes: If you own a business with a large roof and/or high electricity usage this could be a very wise time to invest!

Less than 4kWp on a new building = 31 pence/kWh
Less than 4kWp on an existing building = 36.5 pence/kWh
4-10kWp = 31 pence/kWh
10-100kWp = 28 pence/kWh
100kWp-5MWp = 26 pence/kWh
Ground mounted (systems not on a building) = 26 pence/kWh

Additionally you'll get another 5 pence/kWh for every unit you export to the grid.

7. When will we know what the final cashback rates will be?

We don't know exactly. The consultation finishes on the 14th of October 2009 and then the government will deliberate for a while, hopefully announcing the final numbers before Christmas to give potential solar customers and the industry time to plan for April 2010. The numbers and rates quoted above are just proposals at the moment.

8. Why is now the best time to install solar on my home?

At the moment we are in a 'once in a lifetime' situation where new solar PV installations qualify for both the CURRENT government grant and the 'Clean Energy Cashback' scheme. But that will end in April 2010, then you will just receive the Cashback. So NOW IS DEFINITELY THE BEST TIME TO GO SOLAR.

9. Will the scheme cover Solar Thermal as well?

No. The scheme only covers Solar Photovoltaics.