

Microgeneration

Key points:

1. Since April 2010, electricity companies must pay a 'feed-in tariff', to consumers who generate their own renewable electricity
2. The tariff – also known as the 'clean energy cashback scheme' – supports domestic and small community solar PV panels, wind turbines, hydroelectricity, anaerobic digestion and a limited number of micro combined heat and power (CHP) plants
3. There is currently no financial support for low carbon or renewable heating systems, such as heat pumps or biomass boilers
4. Consumer Focus does not provide advice on small scale renewable technologies (also known as microgeneration). Consumers should seek advice from the Energy Saving Trust on 0800 512 012
5. Consumers should look for the MCS accreditation mark for renewable electricity systems, or the CEN keymark for solar thermal panels. These schemes show that the installer and product meet rigorous standards. Feed-in tariffs are only paid to MCS-accredited installations
6. A number of organisations are offering consumers free solar PV panels. This offers consumers the opportunity to use electricity generated on-site for free, while the organisation benefits from the payment of the feed-in tariff

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What is microgeneration and what does it mean for consumers?

- Consumers and communities can generate their own energy from low carbon and renewable sources. Microgeneration refers to systems under 50 kilowatts (kW) for electricity or 45kW in the case of heat
- The Government has closed all grants for microgeneration. It has introduced feed-in tariffs to encourage consumers to generate electricity
- The Government is to make a decision on whether to support consumers who generate heat from renewable and low-carbon sources in Summer 2010
- Consumers can find out how to access feed-in tariffs at the [Energy Saving Trust's website](#)

What are feed-in tariffs?

- Since April 2010, electricity companies must offer 'feed-in tariffs' to consumers who generate their own renewable electricity, for example through a photo-voltaic (PV) panel on their roof. Feed-in tariffs – known as 'clean energy cash back' – give consumers a fixed price for each unit of energy generated, plus a further payment for each unit of energy exported to the electricity grid
- The consumer also benefits from free electricity used in their home – ie where they do not have to pay for imported, grid electricity because their system is generating electricity
- The tariff is paid for electricity produced by domestic and small community solar PV panels, wind turbines, hydroelectricity, anaerobic digestion and a limited number of micro combined heat and power (CHP) plants
- The tariff varies according to the technology and size of the system. As the amount of electricity generated will vary according to the site, consumers should consider a range of systems to understand which works best for their circumstances, for example according to the location of their home or orientation of their roof
- Consumers can find out how to access feed-in tariffs at the [Energy Saving Trust's website](#)

How do consumers get the feed-in tariff for microgeneration?

- While it is not a prerequisite, we recommend consumers install basic energy efficiency measures first, before installing renewable technologies. These include insulation for lofts and cavities, heating controls and low energy lighting. These measures are relatively inexpensive and will save more money than renewable technologies, once the cost of installing technologies is taken into account. They will also make the consumer's home more comfortable
- Use the Energy Saving Trust's Home Energy Generation Selector tool (www.energysavingtrust.org.uk/renewableselector/start) to understand what type of microgeneration would suit the property
- Use the Microgeneration Certification Scheme (MCS) website, www.microgenerationcertification.org, to find a local accredited installer
- Electricity companies will only pay the feed-in tariff to systems installed by a MCS member. The installer will provide the consumer with an eligibility certificate
- The consumer must provide their electricity company with the eligibility certificate in order to claim the tariff
- The tariff is paid through the energy bill

How do consumers know which microgeneration installers and products to trust?

- Consumers need to look for the following symbols:



- The MCS mark shows that the installer offers high quality products



- The REAL Assurance Scheme is a Consumer Code which dovetails with MCS to cover pre-sales activity, contracts, completion of orders and after-sales activity. REAL Assurance will help consumers if they are unable to resolve complaints with their provider, provided they are members of the REAL Assurance Code
- Under this Code, installers must not:
 - remain in the consumer's home for an unreasonable length of time
 - offer high initial prices followed by large discounts
 - offer a discount for signing immediately
 - withhold price information until the end of the visit
 - make claims that there is limited availability of product
- REAL Assurance members will provide all customers with a no penalty seven working day cooling off period after signing a contract

Is there such a thing as free solar PV panels?

- Some organisations have started to install solar PV on consumers' roofs for free – the consumer benefits from the free energy (provided they are using energy when the sun is shining or the wind is blowing of course), while the organisations benefit from the feed-in tariff payment
- This is a legitimate business model, but there is the risk that the businesses and/or consumers have not thought through the long-term consequences of a property-related contract
- REAL Assurance, the microgeneration industry's Consumer Code, aims to incorporate this type of service into its code by September 2010 as it has concerns about the claims made by suppliers and the risks to consumers. Installers must be members of REAL Assurance to access the feed-in tariff, so these 'free' services will be bound by this guidance
- Below is a list of questions that may help consumers understand the implications and risks of the 'free' service, and consumers should seek legal advice before entering into a long-term contract attached to their property

Financial Benefits

1. Who's paying for the system and its installation? Is that in full?
2. Who gets (a) the feed-in tariff, (b) the export tariff, (c) the 'free' electricity?
3. How is the energy measured, and how will the benefit to the consumer change if the rollout of smart meters requires the export to be measured rather than estimated (or 'deemed') as at present?
4. How much is this worth to you, and has the provider calculated this on the basis of your actual use?
5. Are there any guarantees for the kit and the financial benefits? What happens if it stops working and generating feed-in tariffs?

Financial risks

6. If there is an up-front payment, is this a loan, and if so is it secured?
7. Are you in effect lending me money to do this, either as a loan or a hire purchase deal? In which case, how long for? What is the AER – annual equivalent interest rate – on the money? Where is your consumer credit license? And, can I have seven or 14 days cooling off (depending on whether the deal was done in person)?
8. What happens if I want to pay off the remaining costs early? Can I have the feed-in tariff re-assigned to me?
9. Will it affect the mortgage or any other financing arrangement?
10. What happens if the company who pays the up-front cost goes out of business during the lifetime of the feed-in tariff?

Installation

11. Who is liable for any damage done to the house, neighbouring buildings, residents and third parties during the installation?
12. Who is responsible for scaffolding or any other kit that is left on site during the installation?
13. Who is responsible for addressing any planning issues or electricity distribution company notification requirements? Who pays any associated costs?
14. Do I need to let my mortgage company and/or buildings insurer know that this installation is taking place? Will I need their permission?

Ownership and maintenance

15. Who owns the kit? And is that all of the kit – ie meter, wires inside the building etc – or just the kit on the roof and/or in the back yard?
16. Can the home owner buy the whole system at a later date?
17. Who pays for maintenance and repairs?
18. Who's insuring the kit? Against what?

Continued...

19. What happens if the system stops generating electricity because

- a poor quality system has been installed?
- the system has been incorrectly installed?
- of damage on site?

20. Who is responsible for removing the system once its useful life is over?

Change in property ownership

21. What happens if I move house and the new owners don't want to 'inherit' the deal?

22. Who pays (a) for removing the kit (b) if my roof needs repairing or (c) if the kit is damaged beyond repair?

Who can consumers trust?

23. Are the installers and product registered with the Microgeneration Certification Scheme (MCS)? See www.microgenerationcertification.org

24. Are they members of the REAL Assurance scheme (www.realassurance.org.uk)?

- This aims to protect consumers, and is currently developing binding rules for its members that will prevent mis-selling by 'free' PV schemes. It already has rules in place to cover leasing and hire purchase schemes.

Questions sourced from Centre for Sustainable Energy, www.cse.org.uk, the Energy Saving Trust and the REAL Assurance Scheme.

What is renewable heat?

Renewable energy can be used to generate heat as well as electricity, depending on the technology used. This is used in the home for space and/or water heating.

Technologies include biomass boilers, ground source and air source heat pumps, and solar thermal panels.

The effectiveness and costs of these systems will depend on the energy efficiency of the property, the availability and/or cost of inputs (eg wood for a biomass boiler or electricity to run a heat pump).

Consumer Focus recommends that consumers undertake basic energy efficiency measures such as insulation and double or triple glazing before installing renewable heating systems. This will mean lower installation and running costs.

What support is available for consumers who want to install renewable heating systems?

- The Government is considering introducing support for consumers who install renewable heat technologies, such as heat pumps or biomass boilers
- This support system could be similar to the feed-in tariff and is currently known as the 'renewable heat incentive'. However, the Government has yet to decide whether it intends to go ahead with these plans
- Some energy companies, such as Good Energy, have introduced their own independent renewable heat incentive. These are separate to the proposed Government scheme

- The Energy Saving Trust provides advice on grants and discounts on its website – www.energysavingtrust.org.uk – or on 0800 512 012

Consumers may call asking about...

- A new bill or statement they have never received before
- They may be worried about the projection of the cost of their energy for the next year
- They may want information on how to reduce this cost (switching and energy efficiency measures are both examples of ways to reduce the cost)

What information should bills include?

- The customer's exact tariff name
- The quantity of gas and/or electricity supplied in kilowatt hour (kWh) to the customer during the previous 12 months
- A projection of how much the consumer will spend on gas and/or electricity in the next 12 months, assuming they use the same amount of energy
- Information about any premium or discount that applies to the customer's tariff
- A reminder (in a prominent position) that the customer can 'switch' – change their gas or electricity supplier
- Information about where the customer can get impartial advice and information about changing their energy supplier
- The Principal Terms that may affect the customer's switching decision eg the name, the tariff, any exit fees applicable to the customer's contract

How should this information be presented?

- In a **clear, easy to understand** manner which does not mislead the customer
- The supplier should provide this information once every 12 months

What about estimates of the account?

It must be clear on any bill, statement of account or notice where information is based on the customer's estimated gas and/or electricity usage.

Projection of costs

- When providing information about the amount of gas or electricity that has been, or will be, used (for example, in the projection for the next 12 months), the energy supplier must include details of any tariffs where the customer pays a different rate for their energy usage at peak and off-peak times. This is known as a 'time-of-use tariff'
- When the supplier is estimating or projecting costs for the coming year, they must clearly set out the charges per kWh for gas and electricity