

REF

RENEWABLE ENERGY FOUNDATION

Press Release

18.03.11

REF remarks on Well-intentioned but Confusing revisions to Feed-in Tariff Levels

The Renewable Energy Foundation (REF) supports the announcement by DECC today of a proposed increase in support for small scale farm Anaerobic Digestion (AD) to produce gas for onsite electricity generation under the feed-in-tariff scheme (FITs).

However, we are surprised that the level of support for AD under this scheme is apparently still less than that provided for the same technology under the Renewables Obligation (RO), which is notionally intended for larger schemes.

The proposed increase in the feed-in-tariff for small scale AD plants is from the current level of £90 - £115 per MWh to £130 - £140 per MWh.

AD generators that operate under the RO scheme receive two Renewable Obligation Certificates (ROCs) per MWh in addition to the wholesale electricity price. With ROC prices of approximately £50 per MWh and wholesale electricity at the same level, the return for AD in the Renewables Obligation is nearer £150 per MWh.

This is confusing and seems unlikely to address the failure of the feed-in-tariff scheme to incentivise development of new AD plant.

This is a pity because Anaerobic Digestion is a reliable and controllable renewable energy technology, offering high quality distributed generation, as well as contributing to local waste management.

While other aspects of the FiT revisions are also confusing to the market, including the contentious revisions to solar tariffs, the AD case is particularly interesting since it highlights the conflicts between the Government's various subsidy mechanisms.

Dr John Constable, Policy and Research director for REF said: "The well-intentioned but confusing Feed-in-Tariff revision particularly in relation to AD is a clear illustration of the growing and self-defeating complexity of government interventions in the electricity markets. The case for a single and simpler instrument, such as a carbon tax, grows stronger by the day."

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Notes for Editors:

1. The Renewable Energy Foundation is a registered charity promoting sustainable development for the benefit of the public by means of energy conservation and the use of renewable energy. See www.ref.org.uk.

REF is supported by private donation and has no political affiliation or corporate membership. In pursuit of its principal goals REF highlights the need for an overall energy policy that is balanced, ecologically sensitive, and effective.

REF makes freely available the most comprehensive database of renewable energy generator performance in the United Kingdom:

<http://www.ref.org.uk/roc-generators/>