

## **NEWS RELEASE**

19<sup>th</sup> October 2010

### **News Release**

## **OCTOBER 20<sup>TH</sup>: D-DAY FOR RURAL ENERGY-GENERATING SCHEME**

Concerns are growing about the UK Government's commitment to the Feed-in Tariffs (FITs) scheme favoured by landowners, farmers and individuals in rural communities across Scotland wanting to generate electricity from renewable sources.

The UK Government has indicated that the FITs scheme is subject to the October 20<sup>th</sup> Spending Review, perhaps focusing on the solar panel FITs, but this is not certain. Additionally, there is no guarantee that a definitive decision will be given at the end of the Spending Review on the Government's pledge on the 20 year 'lifetime guarantee' (20 years for the majority of schemes) which made FITs attractive for individual generators, and for investors providing funding for such schemes, when it was announced on 1st April this year. Kirsty Macpherson, Head of Gillespie Macandrew's Energy Group, states:

"An attractive element in Feed-in Tariffs was the fact that they were to provide a guaranteed rate for each unit of electricity generated and exported by producers who generate electricity (up to 5 Megawatts) from renewable or low carbon sources such as wind turbines or solar panels. FITs has been designed to recognise the financial commitment of the farmer, landowner or householder through a guaranteed minimum payment for all electricity generated by the system, as well as a separate payment for electricity exported to grid. "The fact is that the UK Government is now indicating it may amend the FIT tariff levels within a year of setting it up., when the first review was originally scheduled for April 2012. This has cast doubt on the rate of return for landowners, farmers and householders and may delay the commencement of projects until such time that there is more certainty. No one wants to spend considerable sums going through the planning process when there is uncertainty as to the tariff levels

"This uncertainty is also contributing to further hesitancy by the banks as they want a guaranteed rate of return, which is now in doubt. The banks have already been slow to deliver funding packages for landowners wishing to install some form of renewable energy source – wind power, hydro or solar, for example - under the FIT scheme and this further uncertainty will undoubtedly delay matters further.

“Lastly, while the UK Government is causing unease by suggesting they may review the tariff levels, we have the Scottish Government issuing a paper looking to set up a loan fund to underwrite some or all of the planning costs of developing FIT schemes. Thus, we are getting mixed messages of commitment from our political masters.

“The recent announcement by the Scottish Government to increase our target to produce 80% energy from renewable sources by 2020 is to be applauded, but without joined-up Government action to provide the necessary degree of certainty on funding provision for these schemes there is real risk they are going to stall. Landowners, farmers and others who might benefit from FITs could miss out as a result and the pace of movement towards reaching the proposed figure on electricity produced from renewable sources will slow.”

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