

Solar PV systems

You will almost certainly have noticed an increasing number of domestic properties sporting arrays of solar panels on their roofs. This rush has a reason which can be explained as follows:

1. Since the Energy Act 2008 was passed, it has been possible for households to receive a payment of 43.1p for each unit (Kilowatt-hour) of electricity generated. The legislation guarantees this for 25 years. This payment is known as the feed-in tariff or FIT for short.
2. Households so equipped will also receive a much smaller payment from their energy supplier for any surplus power generated which will be fed back into the grid network.
3. Finally, with electricity being generated 'on site', energy bills will also be reduced since less will need to be drawn from the grid.

The single biggest financial incentive is the feed-in tariff which for a moderate sized 2.5kW system is projected to amount to more than £1000 per year. The reason for the rush of installations seen recently is that the FIT was scheduled to reduce in April, 2012 to around 38p/kWh **BUT an announcement at the end of October reduced this to around 24p with a cut off date for installation of 16th December!** It is claimed, however, that this reduced FIT still leaves solar PV systems a good buy.

So why do we see adverts for 'free' systems?

The discussion set out above applies to an owner-installed system, in other words, a system purchased on the open market from one of the many approved companies in the industry.*

An alternative strategy is for a company to offer to install a system at its own expense on an owner's roof. The installation costs are absorbed by that company but they take the feed-in tariff; that is their investment decision. These are generally known as 'rent-a-roof' schemes.

Under these circumstances, home owners do not see the large financial returns attributed to FIT but they do benefit from reduced energy bills and any (usually fairly small) payments from their energy supplier for surplus fed back into the grid. In themselves these may be considered very desirable in their own right. Of course, they also do not need to find the substantial installation costs of an owner-installed system.

*To benefit from feed-in tariffs and to satisfy all associated legal requirements, PV systems must be installed by organisations approved by MCS (Microgeneration Certification Scheme) <http://www.microgenerationcertification.org/>

So how much do PV systems cost to install?

The first thing to say is that prices have been falling over the last 12 months or so – competition is increasing and hardware costs are falling as demand increases. Several companies are based locally and many more advertise nationally but with prices changing so rapidly it is important to keep an eye on comparison website such as the Energy Saving Trust at <http://www.energysavingtrust.org.uk/Generate-your-own-energy/Solar-PV-electricity-panels>