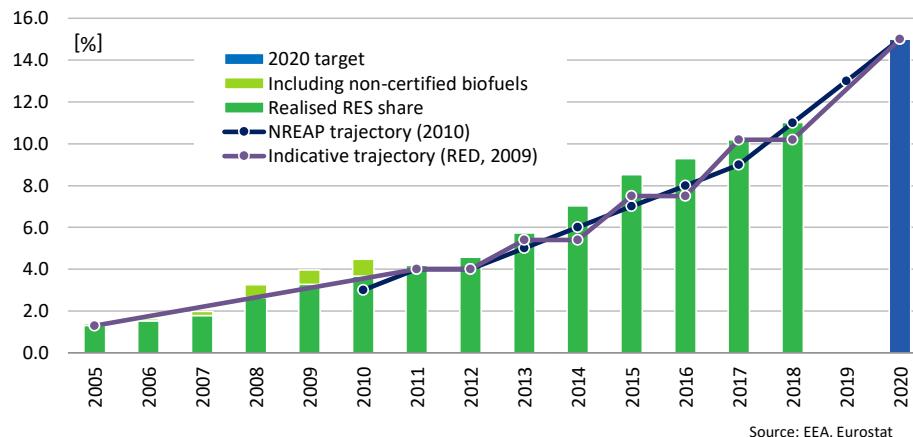


Summary

In the United Kingdom RES-E are supported through a feed-in tariff, Contracts for Difference scheme and tax regulation mechanism. RES-E is connected to the grid under the principle of non-discrimination, RES-E plant operators are granted the right to access the grid and grid operators are obliged to expand the grid if this is necessary to accept all generated RES-E from a plant. As for RES-H&C price-based mechanisms are available for supporting RES-H installations. Furthermore, a quota system for biofuels for transport is in place. A training programme for RES-E plant installers is in place, as well as a certification programme for RES-E installations.

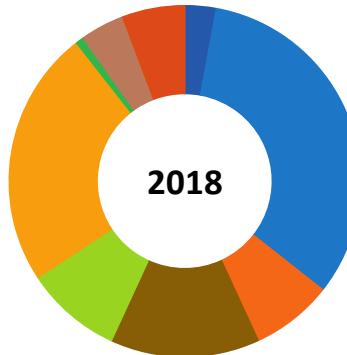
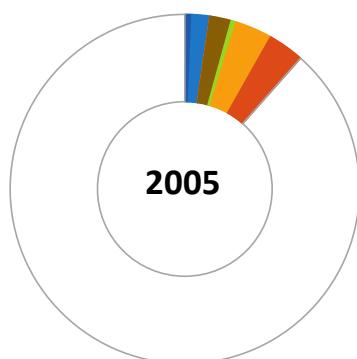


Abbreviations used:

RES: renewable energy sources
RES-E: renewable electricity
RES-H/C: renewable heating/cooling
RES-T: renewable transport fuels

Data for 2018

Overall RES share:	11.0%	Avoided fossil fuels:	25.3 [Mtoe]
Overall RES 2020 target:	15.0%	Avoided fuel expenses:	6.3 [billion euro]
Share RES-E in electricity:	30.9%	RES Turnover:	13340 [MEUR]
Share RES-T in transport:	6.5%	RES Employment:	131900 [jobs]
Share RES-H/C in heating:	7.5%		



- Hydropower
- Wind power
- Solar PV, CSP and water heaters
- Solid biomass
- Biofuels in transport
- Renewable heat consumed
- Renewable heat derived
- Heat pumps
- All other renewables
- Gap towards 2018

Source: Eurostat, 2020.

	2005	2018		
	Energy	Energy	Employment	Turnover
Hydropower	97.6 ktoe	427.6 ktoe	2500 Jobs	270 MEUR
Wind power	242.8 ktoe	4821.9 ktoe	82800 Jobs	8750 MEUR
Solar PV, CSP and water heaters	0.7 ktoe	1105.5 ktoe	8800 Jobs	910 MEUR
Solid biomass	290.1 ktoe	2023.3 ktoe	16500 Jobs	1390 MEUR
Biofuels in transport	68.8 ktoe	1310.3 ktoe	8600 Jobs	700 MEUR
Renewable heat consumed	506.2 ktoe	3489.0 ktoe		
Renewable heat derived	0.0 ktoe	110.1 ktoe		
Heat pumps	0.0 ktoe	599.0 ktoe	2100 Jobs	210 MEUR
All other renewables	492.6 ktoe	845.7 ktoe	10600 Jobs	1110 MEUR
Gap towards 2018	13033.6 ktoe			

Source: Eurostat, EurObserv'ER, 2020.

Hydropower jobs & turnover only covers 'small hydropower'. PV=Photovoltaics, CSP=Concentrated Solar Power. Biofuels in transport only covers compliant fuels (employment and turnover additionally cover the non-compliant biofuels). Derived heat includes heat produced in main activity producer plants and heat sold produced in autoproducer plants. Its counterpart is the final heat consumption in the final consumption sectors (such as households).



CURRENT RENEWABLE ENERGY POLICY

RES-E

In the UK there are several schemes that provide financial support for renewable energy. These schemes encourage technological development and wider adoption of renewables which in turn lead to economies of scale and lower costs.

The Renewable Obligation (RO) is intended to encourage renewable electricity generation for large scale installations. It requires suppliers to source an ever increasing amount of the electricity from renewable sources. The RO rewards renewable output over the lifetime of a project.

The Feed-in Tariff (FiT) is designed to support small scale renewable installations up to 5MW. Through FiTs, generators are paid a tariff for every unit of electricity they produce. Any electricity not used on site can also be sold back into the Grid, and generators are paid extra to do this. Find out more about the FiT scheme at Department of Business, Energy and Industrial Strategy.

A new scheme to support renewables and other low carbon technologies is currently being developed through Electricity Market Reform. The scheme will be called a Feed in Tariff with a Contract for Difference (CfD).

RES-H&C

The Renewable Heat Incentive (RHI) is the main instrument for funding RES-H sources in the United Kingdom by supporting RES-H installations with a fixed amount per kWh produced. The scheme consists of two parts: The Non-Domestic RHI and the Domestic RHI. While the Non-Domestic RHI provides payments to industry, businesses and public sector organisations, is the Domestic RHI open to homeowners, private landlords, social landlords and self-builders. In addition, the Department for Business, Energy & Industrial Strategy (BEIS) plans to introduce changes to the Non-Domestic/Domestic Renewable Heat Incentive (RHI) scheme Regulations that came into effect in September 2017. Further amendments were introduced in 2018.

RES-T

In the UK, a quota system for biofuels is in place since 2007. Fuel suppliers for transport are obliged to satisfy a specified quota amount of biofuels in the total supplied fuel. There is a certificate system for providing proof of compliance.

OVERVIEW OF MAIN SUPPORTING POLICIES

Table 1: Overview of support schemes to promote renewable energy in the United Kingdom

	REGULATORY POLICIES				FISCAL INCENTIVE AND PUBLIC FINANCES		
	Feed-in tariff < 5 MW	Premium tariff	Quota obligation with certificates system > 5 MW	Tendering	Net-metering/ net-billing	Capital subsidy, grants	Tax regulation mechanism Loans
RES-E							
- Offshore wind	o	o					
- Onshore wind	o	o					
- Solar	o	o					
- Hydro	o	o					
- Geothermal	o	o					
- Solid biomass	o	o					
- Biogas	o	o					
RES-H/C							
- Solar thermal	o						
- Geothermal	o						
- Biomass	o						
- Biogas	o						
- Large ambient heat application	o						
- Small scale installations, e.g. solar thermal collects, heat pumps, biomass boilers and pellet stoves	o						
- Others, i.e. aerothermal, hydrothermal	o						
RES-T							
- Bio gasoline			o				
- Biodiesel			o				

Sources: EurObserv'ER, British National Climate and Energy Plan, RES-Legal Europe (2019)

Table 2: Brief description of key policy instruments aimed at promoting RES in the United Kingdom

Instrument	Description
Feed-in tariff	Eligible renewable energy plants with a capacity of up to 5 MW must generally undergo an accreditation process, which may differ according to plant size and energy source. Once this process is completed and the plant has been accredited, the electricity exported to the grid by the plant is bought by a FiT licensee, i.e. an electricity supplier, at rates fixed by the FTO 2012 and corrected yearly by the Gas and Electricity Markets Authority (Ofgem). This system only applies in Great Britain, i.e. Scotland, England and Wales. The Order is not applicable in Northern Ireland. With some exceptions, until 31 March 2017 plants between 50 kW and 5 MW are entitled to choose between the above-mentioned system and the Renewables Obligation.
Contracts for Difference (CfD)	A Contract for Difference (CfD) is a private law contract between a RES-E generator and the CfD Counterparty – Low Carbon Contracts Company (LCCC), wholly owned by the UK Government. The scheme is based on a difference between the market price and an agreed “strike price”. Where a “strike price” is higher than a market price, the CfD Counterparty must pay the RES-E generator the difference between the “strike price” and the market price. Where market price is higher than the “strike price”, RES-E generator must pay back the CfD Counterparty the difference between the market price and the “strike price”. An operator of eligible RES-E technology, willing to secure a Contract for Difference, has to take part in an allocation round. The CfD scheme is currently in place in Great Britain Northern and Ireland. With some exceptions, RES-E generators are able to choose between Renewables Obligation (RO) and CfD schemes. Since April 2017 the CfD scheme will be the only support scheme for all new RES-E plants over 5MW.
Tax regulation mechanism	From April 2013, Carbon Price Floor was introduced in Great Britain. The tax applies to fossil fuels used for electricity generation. Renewable electricity is exempt from paying this tax.
Non-domestic Renewable Heat Incentive (RHI)	The RHI is the world’s first Feed-in-Tariff for renewable heat, introduced in 2011 (non-domestic) and 2014 (domestic). The government announced in late 2015 that the RHI scheme would be extended to 2020/21. The budget is to increase from £430 million in 2015/16 to £1.15 billion in 2020/21. The heat demand that can be claimed for (which is deemed) is being reduced, thus cutting the amount of RHI that can be claimed by larger properties. All technologies used for heat generation from renewable energy sources are eligible
Training programmes for Installers <i>Green Deal Skills Alliance (GDSA)</i>	Launched in January 2012, the aim of this scheme is to ensure that the UK has the right skills to implement the Green Deal - the flagship policy to improve the energy efficiency of buildings. GDSA is tasked with creating new training and accreditation opportunities for the energy assessment, advice and installation workforce.
Biofuel quota <i>Renewable Transport Fuel Obligations</i>	A quota system for biofuels is in place in the United Kingdom since 2007. Fuel suppliers for transport are obliged to satisfy a specified quota amount of biofuels in the total supplied fuel. There is a certificate system for providing proof of compliance.

For further information:

Electricity Market Reform: Contracts for Difference, www.gov.uk/government/collections/electricity-market-reform-contracts-for-difference

Member State Progress Report, available at the Renewable Energy pages of the European Commission, <http://ec.europa.eu/energy/en/topics/renewable-energy>

Non-domestic Renewable Heat Incentive (RHI), www.ofgem.gov.uk/environmental-programmes/non-domestic-rhi

Renewables Obligation Scheme, www.ofgem.gov.uk/environmental-programmes/ro

RES Legal database, <http://www.res-legal.eu/search-by-country/united-kingdom/>

National Energy and Climate Plans (NECPs), <https://ec.europa.eu/energy/en/topics/energy-strategy-and-energy-union/governance-energy-union/national-energy-climate-plans>

What is meant by ...?

Auctions for granting renewable energy support	An auction is a process of granting production or investment support to renewable energy projects based on the lowest bids by eligible project developers.
Feed-in tariff (FiT)	A support scheme which provides for a technology-specific remuneration per unit of renewable energy payable to eligible renewable energy producers. A proper, periodic review of FiT rates is often undertaken with the aim to prevent both too high FiTs so as to minimise regulatory rents, i.e. supra-normal returns and too low FiTs to preclude below-target market uptake because of FiT levels that are perceived by market participants to be less attractive. In addition, feed-in tariffs often include "tariff degression", a mechanism according to which the price (or tariff) ratchets down over time.
Feed-in premium (FiP)	A scheme which provides for a support level per unit of renewable energy to eligible renewable energy producers, typically for a period of 10-20 years, at a pre-set fixed or floating rate. The premium is typically adjusted periodically to exactly offset change in the average energy wholesale market price, based on a pre-specified benchmark market price. A floating FiP may move freely or may only be allowed to move within a pre-set interval.
Grants	Grants are non-repayable funds disbursed by one party (grant makers), often a government department, corporation, foundation or trust, to a recipient, often (but not always) a non-profit entity, educational institution, business or an individual. (Source: Wikipedia.org)
Green public procurement	In Green public procurement contracting authorities take environmental issues into account when tendering for goods or services. The goal is to reduce the impact of the procurement on human health and the environment. (Source: Wikipedia.org)
Renewable quota scheme (RQS)	A RQS mandates certain market actors (typically retail suppliers or large energy end-users) to respect a pre-set minimum share or amount of their total energy procurements from renewable sources of energy. Typically a tradable green certificate (TGC) scheme is operated to enable the obligated parties to prove their compliance with the prevailing renewable quota target by means of TGCs.
Sliding feed-in-tariff	A FiT scheme which pre-sets technology-specific declining feed-in tariffs for certain prospective vintages in line with the technology-specific learning curve, as projected by the National Regulatory Agency (NRA). Often a degession rate is used indicating the %/annum decrease in the rate level.
Soft loans	Loans at concessional (below market-based) terms, for example at sub-market-conform interest rates, made available in several Member States to stimulate certain renewable energy technologies.
Tax credits	These are amounts a tax paying entity is allowed to deduct when declaring payable taxes, for example company tax or income tax, to the tax authorities, for example the producer tax credits (PTCs) used in the United States to stimulate among others wind energy deployment.



Disclaimer

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