Rt Hon Chris Huhne

Secretary of State

The Department of Energy and Climate Change

3 Whitehall Place

London

SW1A 2AW

7 November 2011

Dear Secretary of State

**Review of the feed-in tariffs for solar energy**

I am writing on behalf of councils across England and Wales that are being affected by your decision to give them six weeks to deliver their renewable energy projects in response to your announced reduction in the ‘Feed in Tariffs’ for solar energy.

The introduction of the tariffs in 2010 gave councils a very valuable tool to take forward their low carbon and fuel poverty programmes, particularly at a time when their budgets were being reduced. These council-led schemes were designed to assist members of their community who could not afford a large up-front payment for the technology. Council-led schemes were also not designed to make a profit, but to help people lower their energy bills, particularly those in fuel poverty, and enable councils to reinvest into other local environmental schemes.

The diversity of schemes across the country is truly remarkable, with many working with their communities to establish social enterprises that can really bring local benefits from green energy.

We support the review of the feed-in tariff scheme and understand that measures are needed to gradually reduce the size of the incentive as solar panels reduce in price. Energy bill payers should have safeguards on the amount of money that is raised from their bills to pay for schemes such as the feed-in tariffs.

However, the timescale that the consultation has set out means that there are many council-led projects up and down the country that are in progress, which will have to be stopped immediately as a result of your decision. The costs incurred to councils the length and breadth of the country could run into the hundreds of millions. This is incredibly damaging to the relationship councils have with their local people, and also the relationship between DECC and councils, and I am concerned that it will undermine confidence in the Green Deal.

The inevitable cancellation of schemes will lead to job losses in the renewable energy sector, damaging our ability to drive growth through the low carbon economy. An estimated 25,000 people now work in the solar industry, valuable jobs at a time of economic hardship. This decision will lead to significant job losses, in a short space of time.

In the spirit in which both our organisations signed a Memorandum of Understanding on Climate Change, I ask that you give this urgent matter your attention in the coming weeks to enable the many and varied schemes in which councils are involved to be saved from collapse.

On behalf of councils across the England and Wales, the LGA asks that you:

1. Extend the existing deadline for projects to qualify for the existing tariff from 12 December to the end of the financial year, and work with councils and the solar industry to establish a timescale for the future rate of degression.
2. Enable a higher feed in tariff to be available for schemes that can demonstrate a community benefit, including council-led schemes.
3. Remove the additional reduction that applies for the owner of multiple systems for community based schemes.
4. Investigate the option of raising the budget cap placed on the scheme, allowing the profits made through power generation by the big six utilities companies to be further re-invested into green community based decentralised energy generation.

I’m sure you can appreciate the contribution that council-led schemes are making to enable the UK move to a low carbon economy, and how councils are ensuring that their low-income and vulnerable communities benefit from national schemes.

Further to my letter dated 13 October proposing that we meet, I would very much like to meet with you to discuss this particular issue further.

Yours sincerely

Cllr David Parsons CBE CC

Chairman of the LGA Environment and Housing Programme Board

Leader of the Council for Leicestershire County Council