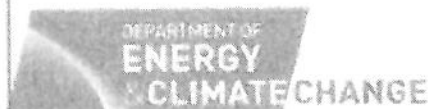


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Dear Alistair

FEED-IN TARIFFS AND DEFINITION OF "SITE"

As confirmed in the recent Microgeneration Strategy, the Government is committed to the establishment of a vibrant low carbon and renewable energy sector in the UK that is economically sustainable, attractive to consumers and able to play a full part in meeting our goals on tackling dangerous climate change and enhancing energy security.

A suite of incentives are supporting this transition to a low-carbon and less-centralised economy, including the Feed-in Tariffs (FITs) scheme for small-scale low-carbon electricity generation. I am writing to seek your assistance in ensuring that these incentives are able to support deployment in the manner envisaged.

As I'm sure you'll be aware, there have been some teething issues since the FITs scheme started. I am grateful for the help that Ofgem has provided to date in identifying these, including those that we were able to address through the recent FITs Amendment Order. The comprehensive review of FITs, which is now underway, provides an opportunity to address other issues that have arisen since the scheme started. One that I am particularly concerned about is the definition of "site" and the application of that definition.

I have received several representations on this issue, including in response to the recent call for evidence on the FITs comprehensive review and at a meeting with one developer, to whom I am sending a copy of this letter. It concerns me that the experience of some generators is that uncertainty about the definition of site is impacting on their ability to secure finance and take projects forward.

For example, I have heard from developers who are involved in hydro projects which are geographically and physically separate (maybe one or two miles apart, with separate planning consent and on different watercourses) but share a common grid connection point. They are unclear whether their schemes will be treated as separate sites for the purposes of FITs and this, understandably, is affecting their ability to plan effectively. This seems to be a particular issue for hydro projects in Scotland where I understand there are some 30MW of consented hydro projects waiting to be constructed, with potentially as much again in development.

I appreciate that, in the absence of a pre-accreditation system, you cannot provide a definitive view on the eligibility of a particular scheme before formally receiving an application for accreditation. However, I feel that any guidance that you are able to provide, particularly in the light of experience, would be welcomed by the industry.

I am keen to explore this issue further through the comprehensive review of FITs, and would like to work closely with you and the industry to identify possible solutions. In the meantime, I would be grateful if you could consider whether there is anything more that can be done to enable developers to have greater confidence in how schemes are likely to be considered in relation to the definition of "site".

Yours sincerely

GREGORY BARKER

