

Bloomberg.com 7/1/11

The U.K., which had its 12th coldest year on record in 2010, installed more solar power than in any other year, data from the energy regulator Ofgem show.

Solar panels with the capacity to generate more than 42 megawatts of electricity were registered to receive above-market power prices last year, according to [data](#) e-mailed from the regulator Ofgem. The facilities were spurred by a government program starting in April that offered as much as 12 times the market rate for power from renewable sources.

The installations covered more than 16,000 homes and commercial properties. The new rules included in a “feed-in tariff” are aimed at expanding the clean energy industry and led to a 10-fold expansion in U.K. solar power.

“The feed-in tariffs sparked investment in an economic downturn,” Andrew Lee, head of Sharp Corp., the Osaka-based electronics maker’s U.K. solar unit, said in a telephone interview. “They’ve been a birth for the solar industry, and we’ve responded by creating jobs.”

A total of 4 megawatts of solar power facilities were installed in the U.K. in 2009 and 4.4 megawatts in 2008, according to Bloomberg New Energy Finance. Sharp says it’s working to double production at its solar cell factory in Wales, the biggest in Britain, and Lee said the company has added about 300 new jobs at its expanded plant.

‘Game-Changer’

The impact on small-scale renewables has been “tremendous,” Dave Sowden, chief executive officer at the Micropower Council, an industry group, said in an interview. “They’ve been a complete game-changer in the market. We’ve seen more than a threefold increase in the number of companies registered as installers. It started 2010 at about 600, and ended at over 2000.”

Larger companies from the German utility [E.ON AG](#) to [Tesco Plc](#), the biggest U.K. supermarket are tapping the market, offering homeowners help to buy and install panels, and tap the tariffs, which apply only to small-scale installations of renewable energy.

The Ofgem figures, which are dated Jan. 5, also showed 10.8 megawatts of wind power and 4.3 megawatts of hydro-power were registered to benefit from the tariffs from their introduction in April through December.

The guaranteed prices were introduced by the Labour government, which in May lost a general election, ceding power to a coalition of Conservatives and Liberal Democrats. The new government, in an October review of spending across all departments, said it would maintain the tariffs for now.

Investor Certainty

The tariffs are guaranteed for 25 years and vary according to capacity and whether panels are fitted to old buildings or new ones. They're as high as 41.3 pence per kilowatt-hour, about eight times the current day-ahead U.K. power price, and 12 times the power price on April 1, when the system began.

The tariffs are "positive for investors in renewable technologies because it gives much more certainty on the price they can achieve," Steve Jennings, who leads the utilities consulting practice at PricewaterhouseCoopers in [London](#), said in a telephone interview. "Investment decisions need certainty in order for developers to invest in these installations."

The U.K. Met Office said yesterday that U.K. temperatures averaged 8 degrees Celsius (46 degrees Fahrenheit) in 2010, making it the 12th-coldest year in a series dating back a century. Solar panels can still generate power in cold temperatures and overcast conditions.

Germany Leads

The U.K. registered 42.5 megawatts of solar power since April, including about 9.3 megawatts of panels installed before 2010 that were allowed to participate in the new subsidies. The 33 megawatts of new installations mark an annual record for Britain, more than doubling the total installed solar power base from 32 megawatts at the end of 2009.

Still, that's a fraction of activity in world leader [Germany](#), where BSW Solar, the German Solar Industry Association, estimates 2010 installations will range from 7 gigawatts to 8 gigawatts. A gigawatt is a thousand megawatts.

In the U.K. spending review, the government said changes to the tariffs will be studied in 2012, while announcing a 40 million-pound cut in funding for the 2014 to 2015 tax year. The energy department says it may review the tariffs earlier if installations exceed forecasts.

“We’re concerned the government might curtail growth by putting a cap on installations next year,” Sharp’s Lee said. “We hope to work with them to maximize the job and industry growth potential for U.K. Plc.”