

RECEIVED 05 JAN 2009

The Rt Hon Ed Miliband MP

Secretary of State

Energy and Climate Change

London SW1A 0AA

The Rt Hon Tessa Jowell MP
House of Commons
London
SW1A 0AA

Our ref: AE/106465

Your ref: 01083568

23 December 2008

Dear Tessa,

Thank you for your letter of 16 October, enclosing correspondence from your constituent, about feed-in tariffs. I apologise for the delay in replying.

The Energy Act 2008 ensures our primary legislation works for today's energy market and is fit for the challenges we face.

Together with the Climate Change and Planning Acts, the Energy Act will be central to delivering the right mix of targets, policies and regulation to achieve a diverse, low carbon energy mix.

New measures in the Act will help support the rapid tenfold increase we need to see in renewables to meet our ambitious 2020 renewable targets, ensuring that both business and consumers can play their part.

Some of these measures are:

- Strengthening the Renewables Obligation for large scale renewable electricity generation
- Introducing Feed in Tariffs for small and community scale low carbon electricity generation
- Enabling the introduction of a Renewable Heat Incentive, to support renewable heat projects of all scales

We expect a feed-in tariff mechanism to complement the Renewables Obligation (RO) for large-scale electricity generation from renewable sources.

Feed-in tariffs offer a guaranteed payment for each unit of electricity that the installation produces for a fixed period. This gives potential investors increased certainty over future revenue and payback that we believe is the major factor in the investment decisions of households, communities and businesses.

Through the feed-in tariff mechanism we intend to give support to technologies at micro-scale, but we are not limiting our ambition to the household. We want to see schools, hospitals, communities and businesses invest in projects that will generate low carbon electricity for their own use – reducing their carbon impact which helps them to participate in the fight against climate change. For this reason we have stated that the tariff mechanism we will be developing over the coming months will not just support the size of technologies suitable for an individual home-owner; it will also provide support for installations up to a maximum of 5 megawatts, depending on the response to our consultation.



ED MILIBAND