

New Research: UK Solar PV Returns Up to 6.5% But Only Until FIT Closes

Thursday 28 February, 2019

Research released by energy website Green Business Watch analyses domestic solar panel costs, savings and returns from the launch of the Feed in Tariff in 2010 to 2019. The report outlines solar panel returns available today and after the Feed in Tariff closes on April 1st.

Key Findings:

Domestic solar panel returns up to 6.5% as electricity prices rise.

Rising electricity prices have continued to drive up returns from domestic solar panels over the last 3 years.

Despite the Feed in Tariff falling from 41.4 p/kWh in 2010 to 3.79 p/kWh today, cheaper installation costs and increased savings on electricity mean homeowners can still achieve comparable returns.

Solar Panel Returns to Drop Sharply Post the End of the Feed in Tariff

The government has announced the closure of the Feed in Tariff from April 1st and that is clearly bad news for solar PV. How bad the news is will depend on the level of export payments available through the new Smart Export Guarantee. The report compares returns today with two post-FIT scenarios: one with an export payment at the same value as the current export tariff (5.24 p/kWh) and a second with no payment for export. With a 5.24 p/kWh payment, predicted returns come in at 4.85%, but the authors point out that the bulk of these returns are caused by electricity price inflation and come in the second half of the system's lifetime. System payback times stretch from 13 years for a 4 kW system installed today and receiving FIT to 17 years for a system installed after FIT. With a zero export payment, the payback time stretches to 21 years.

BEIS Figures Show Installation Costs Have Stopped Falling

The median cost of a 4 kW installation has reduced from £20,000 in 2010 to £6,856. This represents a 66% drop in median installation cost since 2010 but since 2016 costs have stayed pretty much static.

Deals on Price are Available and Will Impact Returns

This year's data on solar panel costs and returns are the first to include primary research with installers on costs. Green Business Watch's survey of installers indicated that deals on price are available and found a median quoted price for a 4 kW system of £5,657.

The takeaway here is that deals are available on price and getting the right system at the right price will affect payback time and the rate of return.

"An installation at the current median cost of £6,856 that receives FIT payments is looking at paying for itself in its 13th year. With panels having an expected lifetime as high as 35 years that still leaves plenty of years of profitable generation. With an installation cost of £5,000, however, that system can pay for itself as early as year 10."

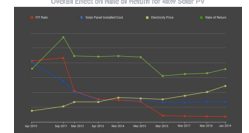
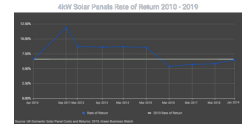
However, post the end of the Feed in Tariff, a system installed for £6,856 will take until year 17 to pay off. At an installation cost of £5,000, the payback time can be reduced to a much more reasonable 13 years.

Green Business Watch Editor Alastair Kay commented,

"With the impending closure of the Feed in Tariff scheme investing in domestic solar PV is about to become a much more marginal call. A year or two ago, solar without FIT would have been unimaginable but rising electricity prices mean better savings from solar."

"The announcement of the Smart Export Guarantee is positive news but future returns will depend

Media:



2010	2019
Invest: £13,000	Invest: £6,856
System Size: 2.6kW	System Size: 4kW
Rate of Return: 6.32%	Rate of Return: 6.50%

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heavily on the purchase price coming down and on making the most of the energy from your system.”

You can read the full report here :

<https://greenbusinesswatch.co.uk/uk-domestic-solar-panel-costs-and-returns-2019>

Editors Notes:

About the Feed in Tariff

The Feed in Tariff provides support for residential and small commercial renewable energy installations. The Feed in Tariff scheme pays UK energy consumers for the power they produce through renewable technologies. Householders and businesses are paid a tariff for every Kilowatt hour (kWh) of electricity generated and an extra tariff for unused energy that is “exported” back to the grid. The Feed in Tariff covers solar PV, wind, hydro, micro CHP and anaerobic digestion installations under 5 MW of capacity. The scheme is open to schools, businesses and households alike.

About Green Business Watch:

Green Business Watch connects UK consumers and businesses to installers of renewable energy. Visitors can find information and commentary on the various renewable technologies, grants and funding and can connect directly with local installers to discuss their individual projects.

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