



POWER YOUR FUTURE WITH ONGEN

OnGen Newsletter

October 2019

A New Software Release, More Award Nominations and New Customers

Welcome to OnGen's latest newsletter. The pace of change in the industry is rapidly accelerating. A third of local authorities have declared a climate emergency, the "big 6" will soon become the "big 4" and the case for onsite renewables continues to be ever more compelling.

The Feed-in Tariff & the Smart Export Guarantee: An Update

In September 2019, the department for Business, Energy and Industrial Strategy (BEIS) confirmed the replacement of the Feed-in Tariff (FIT) with the Smart Export Guarantee (SEG). Like the FIT, the SEG will act as a financial incentive scheme for renewable energy solutions.

The SEG will be applicable to technologies including solar PV (with and without battery), hydro, CHP and wind with a capacity of up to 5MW, starting in January 2020, with the stipulation that the site must have a smart meter. Customers will be paid for each unit of electricity exported to the grid. However, it is important to be aware that the legal obligation to pay the SEG depends on the size of the energy supplier; if they have fewer than 150,000 customers, they can forgo the scheme. Suppliers are in control of the value given per unit exported (on average, around 5-6p/kWh), with some suppliers offering a variable rate, making battery use more attractive. Although payments are likely to be lower than the FIT, it is still a great time to invest in onsite renewables, as capital costs are at their lowest since 2010, subsidy free deployments already stack up and the climate crisis is increasingly pressing. Key to this is the initial option appraisal.

Falling Capital Costs of Renewables

There has been a dramatic reduction in the cost of renewable energy technologies in the last 12 months. A drop by 14% was seen for bioenergy and 13% for both solar PV and wind. Rapidly decreasing costs means that, globally, over 75% of onshore wind and 80% of solar PV projects that are commissioned in 2020 will produce power at lower prices than the cheapest new coal or oil options. Costs are predicted to continue to fall in the next decade, most notably for solar and wind technologies. So what does this mean for small-scale projects?

The cost of a solar PV system has fallen by nearly 50% since 2010, even with the average installation size increasing. Installation fees have also decreased dramatically since 2010, with most of the drop seen, however, between 2010 to 2012. These aspects will all have a part to play in the rate of return of your project.

The OnGen Expert makes establishing the business case, (including return on investment optimisation) of onsite renewable generation affordable and accessible.

- ★ **November 2008:** Initial Climate Change Act released
- ★ **April 2010:** FIT introduced
Over 800,000 solar installations
- ★ **March 2019:** FIT closed
- ★ **January 2020:** SEG starts
- ★ **April 2021:** Earliest start date for Ofgem targeted charging changes

Customers

We are delighted to welcome even more valued customers to the OnGen client base. They cover a range of public and private sectors and include ENGIE, Ignite Energy, EC Business Solutions and the Greater London Authority, amongst others.



Clearer Business Solutions.



Please contact sales@ongen.co.uk for any enquiries.

App of the Year Nomination

We are excited to announce our nomination for the 'App of the Year' Award from the Business Green Technology awards 2019. The winner will be announced in December - wish us luck!

BusinessGreen
Technology Awards 2019
FINALIST



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Ofgem’s Targeted Charging Review: An Update

Currently, a large part of a business’ electricity consumption is billed based on its consumption during periods of peak demand i.e during red or amber periods for distribution charges (DUoS) and during Triads, the three half hourly periods with the highest demand during the winter months, to determine its transmission charges (TNUoS). Many businesses have become adept at managing their load during these peak times to save money, meaning those with less flexibility to shift consumption bare a greater proportion of these non-commodity costs.

Summary of Ofgem Minded To Decision

Ofgem’s ‘minded to’ decision looks primarily at how the residual element of network charges are recovered both at the transmission level and distribution level.

The preferred approach from Ofgem is to increase the level of the fixed charge in the customer’s bill to cover the residual charge for the distribution network (which will be DNO specific) and the residual charge of the transmission network (national charge).

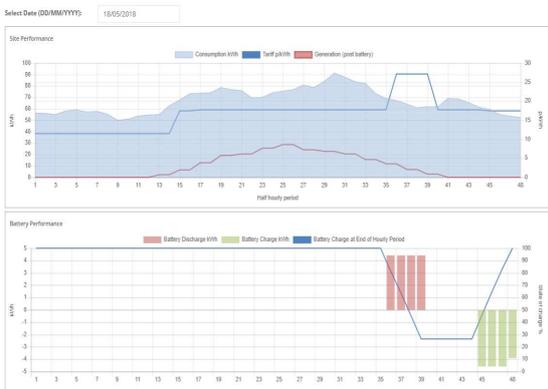
Energy users will be assigned to a segment based on the line loss factors that are used to allocate distribution losses and the total residual charge will be divided by the number of customers within each segment.

It is proposed that this new charging regime will be introduced in April 2021, with the potential of being postponed up to April 2023.

OnGen’s analysis of the TCR has concluded the proposed reforms could hinder deployment of onsite renewables and are not consistent with the Government’s stated aims to reduce greenhouse gas emissions to zero by 2050.

New technologies added to the OnGen Expert

Responding to our customers needs and market demand, we have added stand alone battery, ground source heat and a combined solar and battery system to the OnGen Expert. Air source heat and solar thermal are in the pipeline.



Solar and battery modelled on the OnGen Expert

The focus on renewable and low carbon heat generation has driven great interest in technologies supported by the renewable heat incentive (RHI), which is not due to be phased out until 2021.

Solar and Storage Live 2019

Nick and Izzy visited the Solar and Storage conference in Birmingham this September, where we were privileged to be nominated for the ‘Best Industry Innovator’ award. We were lucky to catch interesting presentations on various topics including frequency response, biodiversity in solar farms and community generation, to name a few. We look forward to maintaining the connections we made and using the information we learned to grow our business.



An inspiring awards evening in Birmingham

Product Innovation Nomination

Congratulations to one of our clients, Estate Strategy Group, who was nominated for “Brite Check” at the Institute of Healthcare Engineering and Estate Management (IHEEM) Awards in the Product Innovation category. Brite Check is the OnGen Expert rebranded for ESG customers.

Our MD, Chris, was able to attend the awards ceremony in support. We are pleased for the joint recognition; congratulations to the Estate Strategy Group for the nomination.



Brite Check is also up for an award at the Building Better Healthcare Awards at the end of the month.

