

Solar water heaters come to the boil as cash incentive is dangled

Payments of £400 a year are being offered to far-sighted households, but you'll need a south-facing roof to take advantage, advises Miles Brignall

Government incentives are about to make solar water heating panels a financial no-brainer for millions of households across Britain, as long as they have a south-facing roof.

Two weeks ago Guardian Money outlined the attractiveness of electricity generating panels as a result of the introduction of "feed-in" tariffs, which will pay households for the extra energy they produce. However, the installation cost - at around £12,500 - will put many people off.

Less off-putting are solar water heating systems, which cost some £4,000-£5,500 for a typical 2kW system and are likely to pay an annual return of around £500 for the next 20 years. But do make sure you're not burnt by the significant number of cowboy installers working in this sector.

The government carrot is called the Renewable Heat Incentive and will come into force in April next year. It is aimed at encouraging far-sighted households to install technologies such as ground or air source heat pumps, biomass boilers and - the one likely to appeal to the greatest number of homes - solar thermal water heaters.

You can install it now, safe in the knowledge you'll get the incentive payments - expected to be around £400 a year - in 14 months.

Solar thermal systems use solar collecting panels to absorb heat from the sun. The hot water is then pumped to a storage cylinder to heat its contents. Ideally, you need a south-facing roof.



Seasons in the sun: thermal panels should provide most of your hot water between April and September

households can expect lower energy bills. A solar water heater can provide up to half of your needs, reducing your heating bill by between £50 and £100 per year, depending on use. With careful management, you can get that figure up to 70%.

To get the "clean energy payments" as they are being termed, you have to fulfil certain criteria. You will only get the money if your system has been installed by a Microgeneration Certification Scheme approved installer, which is controversial because many small

Scheme turns up heat on installers

For many years unscrupulous sellers of solar thermal systems have used a lack of regulatory controls to rip off unsuspecting customers. As a result, it's become difficult to find a reputable installer. For an example of what can go wrong, see this week's Capital Letters column on page 10.

It hasn't been helped by the fact that plenty of small firms, specialists

excellent website yougen.co.uk, set up by Cathy Debenham, who lives in a low-carbon home in Devon.

The site describes how each technology works, the costs and any pitfalls. It also has a forum on which individuals can recommend installers they have used, all with an Amazon-style rating.

One problem with solar thermal

Researcher at Oxford University's Environmental Change Institute analysed the prices of systems in receipt of Low Carbon Buildings Programme grants between 2006 and 2008: they ranged from £1,000 to £8,000. The researchers suggested the benchmark price for a 2kWh/year system was £4,000, though they now cost between £4,000 and £5,000. Installation prices varied considerably. Even looking only at larger companies, there was a range from £2,790 to £4,650.

be approved by the Microgeneration Certification Scheme (MCS) - until now. The Renewable Heat Incentive will effectively force many of them to sign up because households won't get the £400-a-year payment unless they use an accredited installer. The MCS website (microgeneration-certification.org) lists approved installers; in future it will be easier and cheaper to become accredited, according to the Solar Thermal Association. Another way to find a reputable installer is to look on the

MCS approved. In the past it has been expensive to become accredited. Because the system has to be approved, this also appears to rule out the £400-a-year payments for those who are building their own systems. Many of the 100,000 solar water heaters already being used in UK homes are home-built affairs. Also if you installed your system before July of last year, you will not be entitled to the payments. David Matthews, chief executive of the Solar Trade Association, says the Renewable Heat Incentive will be the biggest thing to hit the renewables sector. However he questioned why the financial support for solar thermal was less than for other technologies. The DECC has said it wants the return for those installing solar thermal technology to be around 6%, but it will give payments that equate to a return of 12% for those installing biomass boilers or heat pumps. Meanwhile, if you have the money and a suitable roof or other place to site your panels, you can start planning your installation. Given that the DECC has yet to finalise how it is all going to work, and there's the possibility of a change of government in May, it may be worth waiting a few months before you sign on the dotted line. That said, the Conservatives have indicated they support the policy, so you can start getting the brochures and working out if it works for you.

Solar thermal panels should provide most of your hot water from April to September and contribute to raising your water temperature during the remaining months, while saving you up to £100 a year on bills. Solar panels are compatible with most hot water systems, although you may need a cylinder big enough to hold two days' worth of hot water. If you have a "combi" there are possible complications, and you'll have to check with the manufacturer to see if it accepts pre-heated water. The government is still consulting over its proposals. When it made the announcement, the Department of Energy and Climate Change (DECC), said it would pay households installing solar thermal 18p per kWh, though it is yet to work out how this will be calculated, given that it is impossible to accurately measure the output of a working solar thermal system. On top of the annual £400 the government has indicated it will pay,

Pressure is growing on the government to give households that have installed electricity-generating photovoltaic panels the same access to generous feed-in tariffs as those fitting them now. Anyone putting these panels up on their roofs now will be paid 41.3p per kWh they produce, and the new tariff is expected to lead to thousands of new installations. Early adopters are up in arms, because many will see their payments fall to 9p per kWh under the terms of the scheme. There is a petition on the No 10 website calling for the tariffs to be equalised. The Conservatives have said they will give all PV generators access to the higher feed-in tariffs if they win the next election.

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