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OFGEM TO REMOVE BARRIERS TO MICROGENERATION

- **New Ofgem-led forum to identify and tackle any regulatory barriers preventing growth of microgeneration**
- **Microgeneration can help the environment by reducing carbon dioxide emissions and help customers save money**
- **Ofgem will look at areas of concern such as metering**

Energy regulator Ofgem is looking to bring down the barriers preventing more people from generating electricity in their own home.

Microgeneration units, such as solar panels, gas-fired heating boilers that also generate electricity and small wind turbines, can generate enough electricity to power electrical equipment in the home and allow customers to sell any surpluses back to their supplier.

Microgeneration can help to reduce emissions of carbon dioxide by using renewable sources of generation and by reducing the need for large transmission and distribution networks and losses of electricity as it is transmitted over long distances from generators to households.

Ofgem wants to ensure that nothing in the existing regulatory arrangements for energy suppliers and network operators will act as a barrier to the take up of microgeneration. Ofgem has set up and will chair an industry forum to identify any barriers preventing the growth of microgeneration and to develop and implement solutions to remove any barriers.

Steve Smith, Ofgem's Managing Director, Markets, said: "More customers are now taking the opportunity to generate their own electricity, which can help them save money on their energy bills. Widespread use of microgeneration units can also help reduce carbon dioxide emissions. Working with the government, microgeneration manufacturers and trade associations, energy suppliers and energy network owners, we will make sure that the regulatory arrangements for electricity networks and the energy markets do not stand in the way of customers who want to install microgeneration in their homes."

Ofgem and the industry have together identified a number of barriers which could prevent the growth of microgeneration. A consultation document will shortly be published setting out a way forward to tackle these technical issues and Ofgem will at the same time convene an industry forum to take on views to help inform the policy.

Ofgem has recently relaunched the small generators section of its website, www.ofgem.gov.uk, which gives customers advice on how they can sell their surplus electricity.

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Notes to Editors

1. The term microgeneration is used to refer to electricity generation equipment of the smallest capacity. At the lower end of the range are microgenerators intended for installation in domestic and small commercial premises. Domestic-scale microgeneration embraces a range of technologies that are presently at varying stages of development and commercial availability.

2. Microgeneration units can supply some electricity in the home, with surplus amounts being supplied back to local distribution networks. Examples of microgeneration units include:

- small-scale solar technology
- micro-hydro generation (where energy in flowing water is used to generate electricity)
- small wind turbines
- domestic scale combined heat and power (DCHP) equipment. DCHP boilers are powered by a mains gas supply and provide heating and hot water like a normal boiler. However, they also contain a generator producing electricity from the same gas supply to power domestic equipment such as lights, televisions and hi-fis, and
- Ground source heat pumps, which transfer heat from the ground into a building to provide heating, and in some cases, to pre-heat domestic hot water.

3. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for amongst others by the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000. In this information note, the functions of the Authority under the relevant Acts are, for simplicity, described as the functions of Ofgem.

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