

RE:SOURCE

Renewables Update



From left to right: Clare Hayward, Amanda McIntyre, Catherine Keeling and Lisa Lammas.

Ofgem's role in climate change

Climate Change Levy exemption for renewables

The Climate Change Levy began in April 2001 under the provisions of the Finance Act 2000. It's charged at a rate of 0.43p/kWh on electricity supplied to non-domestic customers in the UK. Electricity from qualifying renewable sources is exempt from the Levy.

We are responsible for:

- accrediting renewable generators
- issuing Levy Exemption Certificates (LECs)
- reporting to HM Customs and Excise on the number of LECs redeemed by suppliers.

Ofgem is responsible for administering the CCL exemption in Northern Ireland.

Renewables Obligation (RO) / Renewables Obligation Scotland (ROS)

The Renewables Obligation began in April last year. It places a legal obligation on all licensed suppliers to produce evidence that they have supplied a specified proportion of their electricity supplies from renewable energy sources to customers in Great Britain.

Suppliers can do this by either presenting Renewables Obligation Certificates (ROCs) or paying the buy-out price for all or part of their obligation.

Ofgem's responsibilities include:

- accrediting renewable generators
- issuing ROCs and Scottish Renewables Obligation Certificates (SROCs)
- registering the transfer of ROCs and SROCs
- monitoring compliance.

Other duties

We are also responsible for dealing with contract amendment requests for NFFO (Non Fossil Fuel Obligation) and SRO (Scottish Renewable Obligation) projects to ensure that we can still pay the Fossil Fuel Levy premium.

We have a duty under the Electricity Act 1989 as amended to collect and review information with regard to combined heat and power (CHP). A list of basic plant details of CHP schemes was first made available to the public in February 1992. More information on our new CHP duties will be provided in later editions once the legislation is in place.

Message

from the
Renewables Team

This is the first issue of what will be a quarterly newsletter updating you on what is happening in Ofgem's work on Renewables in Great Britain.

In future issues, we will look at items such as request for economic termination of NFFO/SRO contracts, developments with the Climate

Change Levy exemption for CHP and operational issues as they arise.

We would really like to have your ideas on what you would like to be included in the newsletter - see our contact details on the back page.

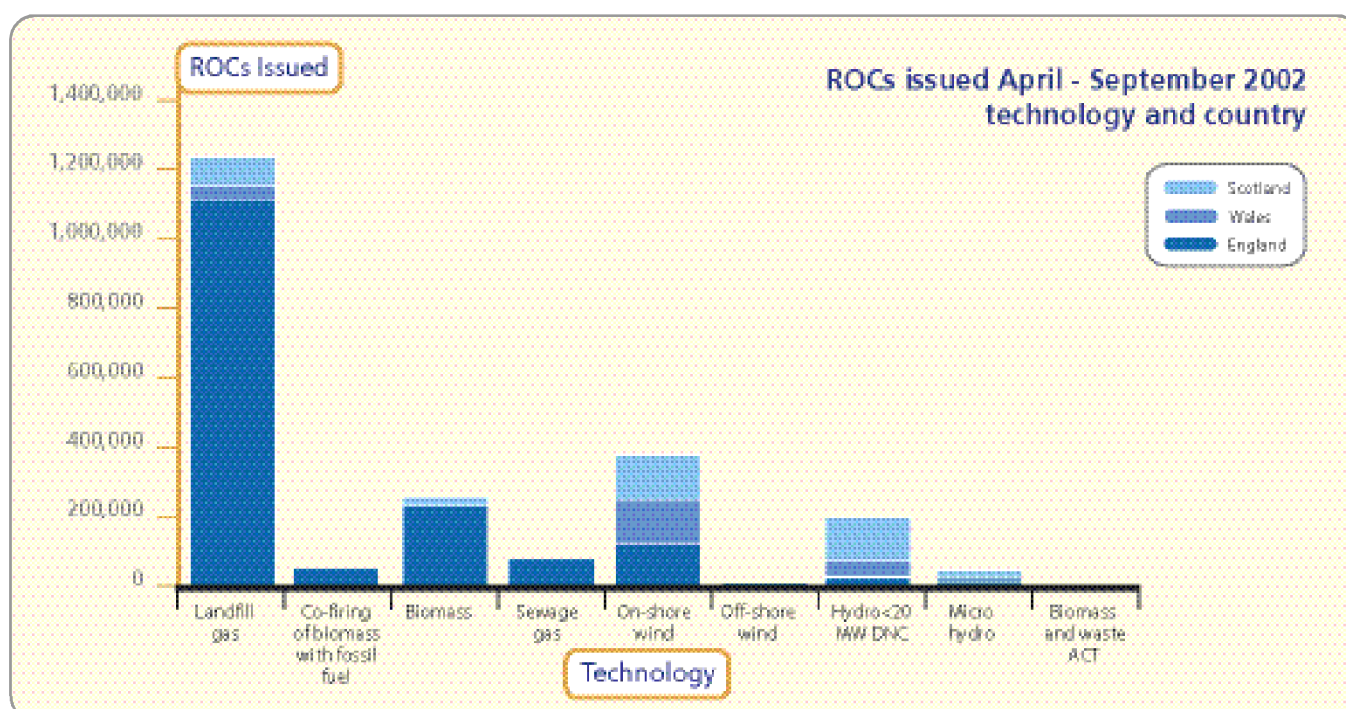
In the meantime, we hope you find this edition useful and if you know of anyone else who would like a copy, please let us know.

ROC and LEC issue to date April - September 2002

Month and year of generation	Number of ROCs issued to date	Number of LECs issued to date
Apr-02	377,191	472,935
May-02	401,368	755,933
Jun-02	394,064	563,064
Jul-02	347,162	466,542
Aug-02	331,677	524,248
Sep-02	338,133	468,527
Total	2,189,595	3,251,249

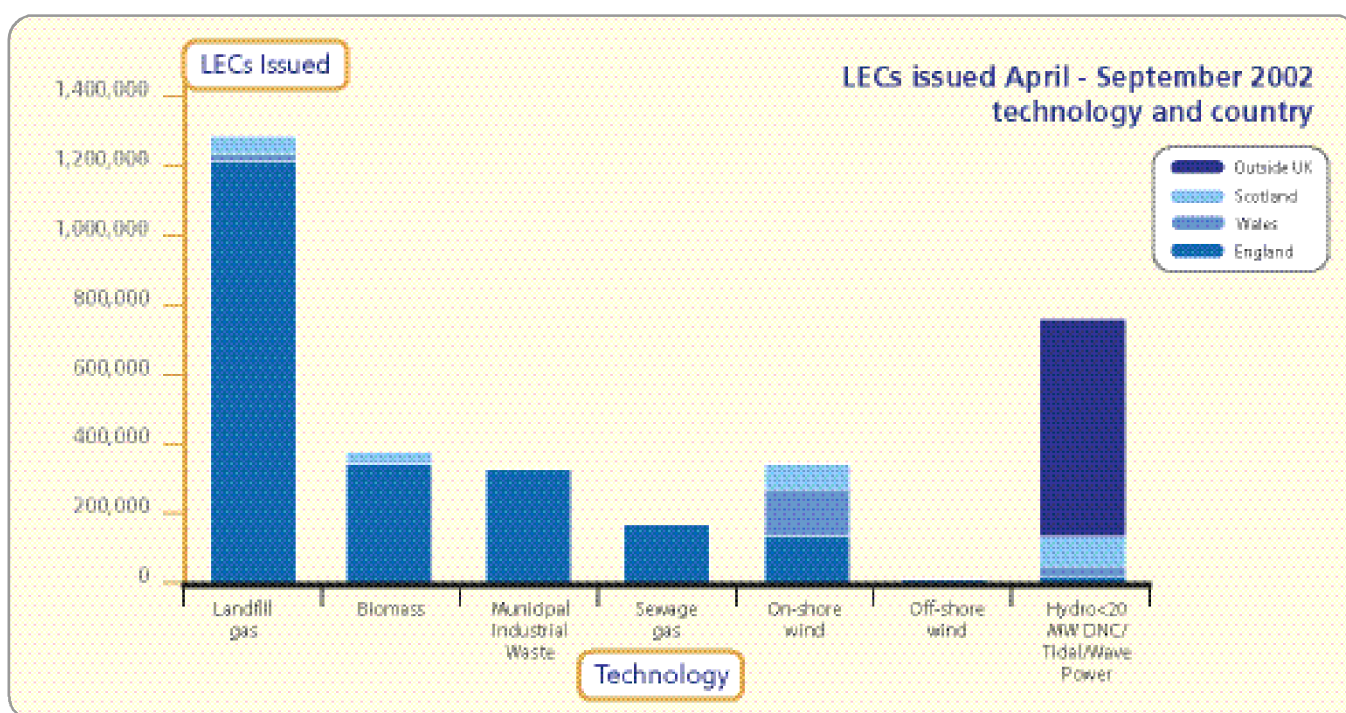
ROCs issued to date April - September 2002 by technology and country

Technology	England	Wales	Scotland	Total
Landfill gas	1,159,201	19,165	42,408	1,220,774
Co-firing of biomass with fossil fuel	51,692	-	-	51,692
Biomass	233,862	-	3,657	237,519
Sewage gas	82,188	-	-	82,188
On-shore wind	120,445	131,733	133,125	385,303
Off-shore wind	867	-	-	867
Hydro <20 MW DNC	9,016	40,390	143,445	192,851
Micro hydro	284	181	17,936	18,401
Biomass and waste using ACT	-	-	-	0
Total	1,657,555	191,469	340,571	2,189,595



LECs issued to date April - September 2002 by technology and country

Technology	England	Wales	Scotland	Outside UK	Total
Landfill gas	1,214,736	22,822	43,514	-	1,281,072
Biomass	343,078	-	28,622	-	371,700
Municipal & Industrial Waste	338,268	-	-	-	338,268
Sewage gas	91,984	-	-	-	91,984
On-shore wind	130,825	132,737	79,415	-	342,977
Off-shore wind	887	-	-	-	887
Hydro<10 MW DNC/ Tidal/ Wave Power	14,139	21,083	117,115	672,024	824,361
Total	2,133,917	176,642	268,666	672,024	3,251,249



Other Information

Number of successful ROC transfers to date: **442**

Number of ROCs transferred to date: **1,213,286**

Total hits on the RO web page April - December 2002: **7,332**

Total hits on the CCL exemption web page April - December 2002: **2,733**

Total hits on the CHP web page April - December 2002: **2,918**

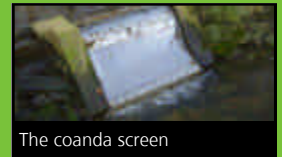
The data on these pages is updated on a monthly basis and can be accessed from the Renewables Obligation or Climate Change Levy sections of the Ofgem website (www.ofgem.gov.uk). The list of accredited renewable generating stations can also be found at this location. The ROC Register (which has a publicly accessible search facility) can be found at www.rocregister.ofgem.gov.uk/main.asp



Generator Focus West Beacon Farm



When Professor Tony Marmont and his wife Angela bought West Beacon Farm 30 years ago it was a home set in farmland. Since then the couple have transformed the land and their home into a renewable technology haven.



The coanda screen

Tony was motivated to branch into renewable technology 20 years ago due to the oil crisis and after witnessing visible pollution in the air as a pilot. He then erected 2 x 25 kW wind turbines on the land adjacent to his home which operated under a NFFO (Non Fossil Fuel Obligation) 2 contract. In addition to the wind turbines the station is now accredited for the Climate Change Levy exemption and the Renewables Obligation in respect of:

- 6 kW Photovoltaic panel
- 2 x 3 kW Photovoltaic panels
- 0.9 kW hydro turbine
- 2.2 kW hydro turbine

The generated electricity is used to supply the Marmonts' home and the office of Beacon Energy Limited with any excess electricity exported onto the grid. Renewables Obligation Certificates (ROCs) and Levy Exemption Certificates (LECs) are claimed for both the on-site eligible supply and the exported electricity. There is a buy and

sell back contract in place with Unit E to cover their eligible on-site usage. Tony thinks that the introduction of the Renewables Obligation is a good idea.

After visiting the station it was clear to see that West Beacon Farm is more than a renewable generator. The Marmonts use two electric cars that were imported from Massachusetts. One car also has additional power from PV panels on its bonnet and roof.



West Beacon Farm - Wind turbines

The house uses rainwater collected on the roof for its water supply. The collected rainwater is piped into an underground tank through filters designed by Tony. Some of the water is then used for the toilets and for washing. The rest of the filtered water is then treated by reverse osmosis to create drinking water. Tony said that half an inch of rain provides them with 1000 gallons of water! Solar thermal heating panels on the conservatory roof heat the water. There is also solar powered air conditioning in the house. Food can even be cooked in a solar oven in the summer!

The micro hydros are fed by a brook that runs at the bottom of the property and a man-made lake created by the Marmonts. Angela, who is a keen conservationist, was concerned that the wildlife in the brook such as trout and crayfish were being sucked into the hydro turbine. In order to combat this problem the couple imported a 'coanda screen' from Canada which is made from fine steel mesh. The screen was installed at the start of the turbine intake to allow the water to fall through the mesh and be piped to the turbine. Wildlife simply slides over the mesh into the continuing brook. The tranquillity of the brook can be enjoyed by sitting on a park bench made from recycled plastic bale wrappings.

The office of Beacon Energy Limited was converted from a 200 year old barn and has PV panels on the roof and a PV array. To reduce the need for electric lighting there are light pipes around the office which channel natural light from the roof.

Tony is continually striving to develop renewable technology further. He is currently working on a hydrogen fuelled CHP plant and is looking to create a bio-fuel for aircraft.

Renewables Team



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If you wish to receive a hard copy of the newsletter please contact the dedicated email address above.

Coming Up...

- Revised application for accreditation for generators for the CCL exemption for renewables and/or the Renewables Obligation
- Revised generator application guidance notes
- CCL exemption and RO schedule April 2003 - March 2004
- 2nd Renewables Obligation period starts 1 April 2003 - 31 March 2004 with the Obligation set at 4.3%
- Publication of the RPI adjusted buy-out price relating to the 2nd Renewables Obligation period
- ROC Register Industry Implementation Group meeting