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Arthur Cooke  
Ofgem  
9 Millbank  
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Monday 25th July 2005

Dear Arthur,

### **BWEA Response: The Regulatory Implications of Domestic Scale Microgeneration**

BWEA welcomes the Ofgem consultation on the Regulatory Implications of Domestic Scale Microgeneration. Microgeneration, particularly the small wind energy sector is expected to grow substantially over the coming years and BWEA sees that it is important that the regulatory issues facing this market are dealt with early on. With the right regulatory measures microgeneration can have a key role in tackling climate change, securing energy supplies, reducing electrical losses on the transmission network and reducing energy costs.

Furthermore, BWEA view is that it is important that the process of installing microgenerators to the electricity system and metering their production is simplified, as this would encourage greater installation. In addition, the administrative processes that microgenerators face should be simplified and reduced.

This response has been prepared on behalf of the wind industry and BWEA members although individual member companies with wider interests may hold a different position on some issues.

BWEA was established in 1978 and is the representative body for companies active in the UK wind energy market. Its membership has grown rapidly in recent years and now consists of over 320 companies. Over 20 of our member companies are involved in small scale wind (less than 50kW), either through research and

development, manufacturing, installation or consultancy, and several others have an interest.

### **Summary of key points**

- DNOs should be obliged to tell suppliers of microgeneration technologies being installed.
- Suppliers should be obliged to have a microgeneration tariff in place.
- DNOs should be obliged to tell suppliers export meter numbers.
- Backwards running meters need not be a problem if appropriate export meters are in place where generation is derived.
- BWEA supports net metering as a short term solution, until a more long-term system for microgeneration is put in place, based on cheap standard meters.

### **Specific Questions Raised by the Consultation**

**1. Ofgem would be interested to hear from manufacturers and retailers regarding:**

- **The information currently provided to customers about the legal and technical responsibilities of microgeneration operators; and**
- **Any industry proposals for expanding the information and guidance currently provided.**

**Response:** BWEA is currently looking into the possibility of providing Health and Safety guidelines for the small wind sector, BWEA has produced similar guidelines for the onshore and offshore wind sectors.

**2. Ofgem invites comments on modification of Condition 16 or Condition 17 of the Electricity Supply Licence to ensure identification of reverse-running meters, which Ofgem considers are not appropriate for use in the case of microgeneration.**

**Response:** BWEA believes that reverse running of meters need not be a problem if appropriate export meters are in place at the point of generation. Read together, it would be practical to derive the site consumption by summing the (potentially negative) reading of the import meter and the reading of the generation meter.

**3. Condition 41 could be modified to cover a contract dealing with, inter alia, supply of electricity to domestic premises incompatible with the licensee's supply obligations under the Electricity Supply Licence. Ofgem would welcome views as to the desirability of such a modification. (7.33)**

**Response:** BWEA would support such a move.

**4. Ofgem would welcome views as to whether there should be a new licence obligation on DNOs to notify owners or occupiers of premises of any export MPAN created in respect of those premises. Should this be further extended to notification to the registered supplier (in case the absence of a reverse stop may mean that the meter is no longer 'appropriate')? (8.10)**

**Response:** DNOs should be obliged to notify the supplier of the existence of export meters and their MPAN numbers. DNOs will in any case be aware of such meters as it is a requirement to notify the DNO when microgeneration is installed. It would be appropriate that the incumbent supplier be aware of the existence of any export meter. BWEA feels that it is not necessary for DNOs to inform owners or occupiers as long as the MPAN is freely available from the MPAS on request.

**Other Issues Raised by the Consultation (as in the order of the consultation document)**

**1. Introduction**

1.6 BWEA would also like to add that all generation that reduces demand on the whole network is beneficial and will ultimately reduce conventional generation. This will result not only in reduced energy costs and transmission and distribution losses but also in reduced CO<sub>2</sub> emissions.

**2. Rationale**

2. BWEA agrees that it is the right time to be addressing the regulatory issues facing microgenerators, in order to make access to the network easier. The time for the consultation is right, given the expected increase in microgeneration technologies. BWEA would also like to stress the point made in the consultation document that it is crucial that microgenerators are installed and operated in a safe manner.

**3. Licensing and microgeneration**

3.3 Supply companies should be obliged as a licence condition to have a tariff that addresses microgeneration and the purchase of energy. Such tariffs should be freely available to small customers (including domestic customers). However, BWEA feels that the prices charged/offered under these tariffs need not be regulated. BWEA believes that competition between suppliers will lead to competitive rates being offered for microgeneration output as demand for use of such tariffs increases.

**5. Selling exports from microgeneration**

5.5 BWEA agrees that more and more people who install microgeneration are also interested in the possibility of receiving financial return for their investment in the case of Renewables Obligation Certificates, and it should be ensured that payment is received for every unit generated.

**6. Microgeneration providers**

6.7 BWEA would expect that the installation of any microgenerator is likely to fall under IEE Wiring Regulations 2005, which require that electrical changes are made by a competent person.

**7. Licensed suppliers and microgeneration**

7.5 In the case of appropriate meters, BWEA supports the idea that DNOs should tell suppliers of the installation of microgeneration. However, there may not be need for

an appropriate meter if the generator does not intend to sell electricity. In any case, BWEA sees that it would be helpful if there was a new inexpensive and widely available standard meter available.

7.8 BWEA would support the use of 50Kw as the appropriate threshold for microgeneration in this consultation and not a lesser threshold. Particularly in the case of wind energy, there may be some households and small businesses, such as farms, which may be interested in installing renewable energy up to the 50Kw size. BWEA would also welcome some clarity on the definition of 'small consumer' and the suggested threshold for the generation size.

7.10 & 7.16 BWEA would like to highlight the following points in the case of reverse running meters and net metering:

- In the short term, BWEA supports net metering. In the long term, BWEA considers that cheap electronic standard meters, which identify both export and import, would be the ideal system.
- In the case of claiming ROCs the generator would need a single meter or export meter associated with the generator so that demand and generation could be established.
- BWEA suggests that Ofgem reviews current metering arrangements in Great Britain to allow net metering. BWEA believes that the estimated 10 million meters which have the possibility to run backwards would not be an issue if appropriate export meters are in place at the point of generation. Read together, it would be practical to derive the site consumption by summing the (potentially negative) reading of the import meter and the reading of the generation meter

7.13 The supplier providing the sell and buy back agreement may not be the same as the supplier supplying the customer's imports so there could be two suppliers' agents inspecting two sets of meters at different times. The incumbent supplier, whose agent could inspect both meters on the same visit, may be at an advantage compared to any other supplier who might wish to offer a sell and buy back agreement in return for ROCs. These requirements may act as a disincentive to some suppliers to obtain ROCs from microgenerators and/or create a perverse incentive for suppliers to seek to limit sell and buy back contracts to two years.

BWEA suggests that Ofgem reviews the obligation in respect of NHH meters measuring gross generation that are caught by this obligation as a result of sell and buy back agreements.

7.22 BWEA would support a system where all suppliers would be obliged to have a tariff available for microgeneration. This would benefit the electricity system in several ways:

- The numbers of installed microgenerators is likely to increase, in which case there will be substantial amounts of renewable electricity generation being produced that could count towards the UK's renewable energy targets.
- A microgeneration tariff would offer microgenerators the chance to choose who they sell electricity to, which in turn would encourage competition in that sector of the market.

## **8. DNOs and microgeneration**

8.2 BWEA considers that DNOs should be obliged to pass information to suppliers that microgeneration equipment is being installed. DNOs already have a relationship with the suppliers, and this would also reduce administration from microgenerators.

8.10 DNOs should be obliged to notify the supplier of the existence of export meters and their MPAN numbers. DNOs will in any case be aware of such meters as it is a requirement to notify the DNO when microgeneration is installed. It would be appropriate that the incumbent supplier be aware of the existence of any export meter. BWEA feels that it is not necessary for DNOs to inform owners or occupiers as long as the MPAN is freely available from the MPAS on request.

## **10. Metering issues**

10.17 Reverse running would only be an issue if a microgenerator would not have adequate export metering on the generator.

10.21 Meter change would therefore not be necessary if the generator had an adequate export meter in place.

10.24 BWEA would support the labelling of MPAN to highlight the presence of a microgenerator.

10.25 & 10.26 Most microgenerators being installed now are installed with compliant meters. However, there may be some microgenerators installed with non compliant meters, particularly older generators that have not changed them to Schedule 7 compliant. This is also the case for dc microgenerators where there is currently no Schedule 7 approved meters.

One approach would be to lift the obligation for the supply to be made through an approved meter in some circumstances (where an existing installation has a non compliant meter and for dc applications). Schedule 7 (1 (1A) states that "An authorised electricity supplier may give a supply otherwise than through an appropriate meter in such circumstances as may be prescribed".

BWEA suggests that Ofgem should include dc and non compliant meters to the circumstances in which the supply does not need to be made through an authorised meter.

If you have any questions please feel free to contact me at any time.

Yours sincerely,



Mari Martiskainen  
BWEA Programme Officer