

22 August 2003

Mr G Evans  
Technical Directorate  
Ofgem  
9 Millbank  
London  
SW1P 3GE

Dear Mr Evans

### **Incentives for Innovation and Registered Power Zones**

Yorkshire Forward, the regional development agency for Yorkshire and Humber has considered the issues raised in the Ofgem publication *Innovation and registered power zones: Discussion paper* (July 2003).

This publication contains details and issues beyond our expertise, however it does cover issues that we feel are crucial to the performance of the Yorkshire and Humber region. The purpose of this letter is to draw your attention to those issues.

The Yorkshire and Humber region has a target to produce 9.4% of the electricity it uses from renewable sources by 2010. Increasing electricity production from renewables is a key activity to help bring the region towards meeting its target to reduce greenhouse gas emissions by 20% of 1990 levels by 2010.

As well as mitigating climate change, Yorkshire Forward believes the expansion of renewable energy within the region offers great potential benefits in terms of investment and jobs. A recent study highlighted that with appropriate activity the region could benefit from 900-1200 jobs and £330-£420 million of investment associated with renewable energy activity.

A central theme in our Regional Economic Strategy is the encouragement of innovation. Incentives for network development through innovation would to seem to be an important step in encouraging more distributed generation and positively contributing to achieving renewable energy targets.

The development of distribution networks to accommodate more generation is a valuable objective that would seem to benefit renewable projects in general. Any obvious disincentives to such network development need to be removed.

Our local Distribution Network Operator, YEDL, is a member of our regional energy forum which draws together a range of companies involved in energy supply and distribution in our region and we work closely with YEDL in discussion of our objectives. We would be pleased to provide further input to your future work.

Yours sincerely

ALICE OWEN  
ACTING EXECUTIVE DIRECTOR, ENVIRONMENT