

Baxi Group
Response to
The regulatory implications of domestic scale microgeneration

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Overview:

The Baxi Group markets and sells commercial CHP systems (DACHs) through Baxi Heating (UK) Ltd. These units have a specification of 5kWe and 12.5kWt and aimed at the light commercial market and to large multi dwelling properties. Under the current legislation, Energy Act 2004, these units are classified as microCHP and not domestic. Thus a strong recommendation is that OFGEM should oblige suppliers to offer terms for export reward for Microgeneration with electrical outputs of up to 50kWe in line with the definition provided in Energy Act 2004, and not just limit export reward to domestic scale microgeneration (electrical outputs at 1kWe).

Baxi welcomes the approach adopted under ER G83/1 and urges OFGEM to align exiting regulations and licence conditions to enable this best practice to be adopted. In addition, there seems to be an issue that for some aspects of Microgeneration metering falls outside the existing licence obligations. It seems sensible for an integrated regulation to bring into existence statutory instruments for the application of Microgeneration for import and export.

Recommendations in section 12 are welcome. In particular, Baxi welcome the recommendations that a consistent definition of 'domestic-scale microgeneration' is adopted (see above), and that Condition 25 is amended such that suppliers should offer information concerning the energy efficiency benefits of microgeneration.

Answers to Questions appearing in page 42:

- 13.1 Currently there is a fragmented approach informing customers about the legal and technical responsibilities of Microgeneration operators. There should be one informed entity where customers can obtain information and possibly a website designed for such use.
- 13.2 A suitably qualified installer should be allowed to determine whether the meter runs backwards and can inform the supplier. Where it is demonstrated that meters cannot run backwards, installers should be able to make a commercial decision as to the need for meter replacement based on the benefits and the costs of meter replacement and export earnings relating to their particular technology. Baxi do not accept the universal need for import/export metering at all microgeneration properties and believe that in some circumstances this may represent a financial hurdle to the wider uptake of such technology.

- 13.3 Many prepayment meters customer are likely to be in or near fuel poverty. Such customers may be prime targets for microgeneration which can improve their economic circumstances. Prepayment metering should not be a barrier to such customers participating in the benefits of microgeneration.
- 13.4 A modification would be welcome.
- 13.5 A basic house keeping protocol to create an export MPAN (metering point number) should be encouraged with DNO's.
- 13.11 Baxi has experienced little problem with DNO's and connection to the grid when installing the DACHS CHP unit. Most have been very amenable and have not charged for witness testing even when connection is under G.59/1 as oppose to G.83/1. They are interested in coming along to the commissioning of the fist DACHS in their area, but have not levied a charge. The only DNO to do so is Scottish Power who have indicated a charge of £400.00 ex. VAT for witnessing the DACHS commissioning under G.59/1. They claim they have to carry out a network assessment, but would not have to if we were connecting under G.83/1. The DACHS meets the requirements for G.83/1 as the output is less than 16A per phase (9A per phase), but is not currently type tested to G.83/1. This is likely to happen in Q1 2006.

The ideal scenario for microCHP whether it is the DACHS or a domestic scale CHP system is for the export reward to be at the same p/kWh rate as the cost of imported electricity from the supplier to the customer. This would be the published supplier tariff in the case of domestic customers and the contracted rate for others. This would mean that it would not matter from an end user financial perspective whether the electricity from the microCHP is used at the property or exported.