

Response to OFGEM Consultation Document

Disenco Ltd appreciates this opportunity to be able to express its views on consultation document “The regulatory implications of domestic-scale micro-generation”.

Disenco is a UK company developing a micro-CHP unit for the domestic housing market. The unit incorporates a Stirling Engine and has electrical and thermal ratings of 3 kW and 12 kW respectively. We will commence field trials of our units later this year.

Export Rewards

Dimensioning the m-CHP unit with a high power to heat ratio represents a deliberate strategic choice, and underlines a business concept which is built on a combination of saving energy costs in the home by offsetting imported electricity and, equally important, by the realization of economic value from the sale of exported electricity.

Consequently Disenco Ltd takes issue with the paragraph 5.1 of the consultation document which states that “Micro-generation equipment currently available or under development is primarily intended to produce electricity for on-site use.” This is patently not the case for the Disenco business proposition, and we feel represents a very restricting premise on which to base regulatory or legislative requirements.

DISENCO therefore strongly supports the suggestion that electricity suppliers should be obliged by their licenses to offer terms for the purchase of electricity from domestic customers.

Such an obligation would motivate the Suppliers to influence changes to the settlement rules which currently constitute an institutional barrier to micro-generation customers being fairly rewarded for exported power. This in turn requires that mechanisms should be in place to allow exported electricity to assume a value to the supplier which relates to the factors and levels which influence market dynamics.

Suppliers have considerable influence over the trading rules, particularly for retail supply and other aspects associated with the interface with customers.

Metering

The Disenco business concept inherently relies on the separate registration of both imported and exported power to produce a reliable assessment of performance benefits. Disenco therefore favours the replacement of existing

meters with ones capable of measuring imports and exports independently on installation of the m-CHP unit and, for its own equipment, would consider this to be standard installation procedure.

Clearly, we will be at a competitive disadvantage in our marketing efforts to penetrate the boiler replacement market if there are conditions in place which prevent the simultaneous installation of an m-CHP unit and appropriate import /export electricity meter, thereby increasing both installation costs and customer inconvenience. We therefore strongly support measures to facilitate simultaneous installation, irrespective of possible change of supplier allegiance in the purchase process.

Commercial Arrangements for Network Connection

Disenco understands that despite having the legal ability to connect micro-generation without seeking prior permission from DNOs, many of the contracts currently in place between domestic consumers and their suppliers still require such permission to be granted.

Disenco supports the idea that this issue be addressed through the Distribution Commercial Forum (DCF) in the confidence that the Micropower Council who represent the micro-generation industry on this forum will help to facilitate a successful completion of updating of the contractual framework separating the licensed activities of Distribution and Supply, within a reasonable time scale.

Additional points :-

There should be no statutory obligation to inform an existing licensed energy supplier when micro-generation is installed.

There should be a change to license condition 25 to require licensed electricity suppliers to include micro-generation in their codes of practice on the efficient use of electricity.