

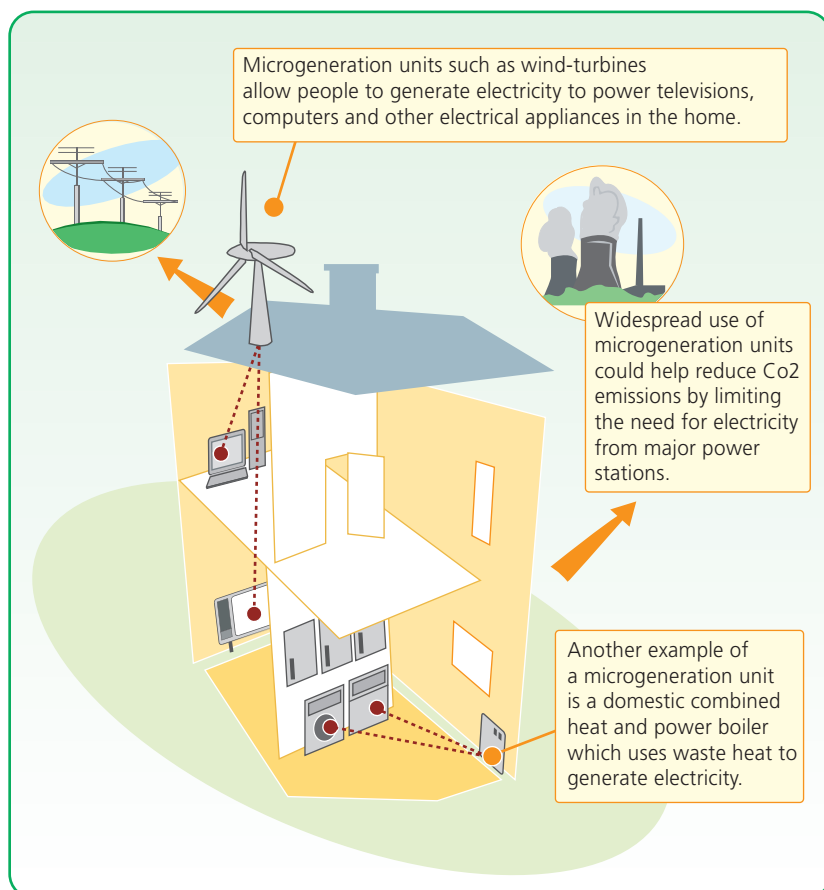
Helping microgeneration succeed

Ofgem is working to break down any barriers which may prevent the widespread use of microgeneration units in homes across Britain.

What is microgeneration?

There are a variety of microgeneration units available that provide for the small scale generation of heat or electricity for homes and businesses. They include:

- small-scale solar units which convert energy from the sun into electricity
- solar-powered hot water systems
- micro-hydro generation units which use energy from flowing water to generate electricity
- small rooftop wind turbines, and
- domestic combined heat and power (DCHP) units. These units are powered by a mains gas supply or other fuels, including renewables. They provide heating and hot water like a normal boiler and also generate electricity.



Microgeneration units can provide a significant amount of power. For example a 1.4 kilowatt domestic wind turbine with an annual output of 2,000 kilowatt hours (kWh) could supply about 60 per cent of the annual power consumption for the average British home (3,300 kWhs).

Any power that isn't used could be exported to the electricity networks. It can be sold by the customer to a power supplier depending on the commercial arrangements that the supplier offers. It is part of Ofgem's role to identify and remove any barriers preventing customers from entering into these arrangements with suppliers.

How can microgeneration help reduce greenhouse gas emissions?

Widespread use of microgeneration could help the Government meet its target to reduce carbon dioxide emissions by 60 per cent by 2050, as large numbers of units installed in homes across the country could reduce the demand for electricity from big power stations.

Whenever electricity is transported long distances over wires some is lost as heat. However, because microgeneration is generated where it is used there are fewer losses. This also lowers emissions and could save costs by reducing the need for network capacity.

How can Ofgem help microgeneration to grow?

When people using microgeneration units export electricity to the networks, they need to establish relationships with the various parts of the electricity industry, including suppliers and network operators. Ofgem recognises that microgenerators are generally not electricity industry professionals so these relationships need to be made as simple as possible.

Ofgem's policy is to ensure that there are no significant barriers to the further development of microgeneration. Last year, Ofgem launched a consultation to consider if the current regulatory arrangements present any barriers preventing the growth of microgeneration.

Issues that directly involve Ofgem include:

Market arrangements

We expect that customers should be able to discuss with the major energy suppliers how they might install and benefit from microgeneration in their homes. If customers encounter undue difficulties in securing offers, Ofgem will seek to address any market rules that lie behind this.

Network issues

Ofgem also needs to consider how the mass introduction of microgeneration technologies affects the electricity networks. Greater use of the units may require changes to the networks and how they are operated.

Technical issues

These mainly relate to meters which need to measure both the import and export of electricity from homes or businesses.

What support is available to microgenerators?

It is for the Government to decide if rules are needed to determine how much microgenerators should get paid for their surplus electricity. If the Government decides to take this route, Ofgem will work with it on the design and administration of any measures which will help develop a market for microgeneration.

Microgenerators may also be eligible for support through a number of government programmes administered by Ofgem aimed at reducing carbon emissions and encouraging the growth of renewable electricity generation.

They are:

- the Renewables Obligation (RO), and
- the Energy Efficiency Commitment (EEC).

Recent legislative changes and proposals for future changes will make it easier for microgenerators to participate in these programmes.

Ofgem will continue to work with microgenerators to help them get involved in the RO. Dedicated staff members will be able to help and the small generators information site at www.ofgem.gov.uk also gives additional support.

Next steps?

Ofgem will set out a way forward to tackle these issues shortly and it will at the same time set up an industry forum to take on views to help inform the policy.

For further information please contact:

Mark Wiltsher, Head of Media Relations 020 7901 7006
Chris Lock, Communications Officer 020 7901 7225

email mark.wiltsher@ofgem.gov.uk
email chris.lock@ofgem.gov.uk