

Our Energy Challenge

Power from the people



dti

**MICROGENERATION
STRATEGY**

March 2006

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Energy challenge: Microgeneration

- 2 major long term energy challenges -
 - Tackling climate change
 - Secure, clean energy at affordable prices
- EST study –
 - Reduce household emissions by 15% p.a. by 2050
 - Provide 30-40% of UK electricity needs

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Policy Context

- Microgeneration strategy - March 2006
- Forthcoming Energy White Paper
- Energy Review – July 2006
- Draft Climate Change Bill – March 2007
- EU Council conclusions – March 2007
- Building a Greener Future package – December 2006
- Climate Change and Sustainable Energy Act - June 06

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Microgen Strategy Objective

“creating conditions under which microgeneration becomes a realistic alternative or supplementary generation source for the householder, for the community and for small business”.

Energy White Paper

- Wait until Weds

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Energy Review Report

- Puts microgeneration into mainstream energy policy
- “Aggressive implementation of strategy”
- Launch of joint DTI-Ofgem Distributed Generation ‘call for evidence’

DG: key issues raised by stakeholders

- Financial
 - Cost (carbon not fully priced in)
 - Securing a price for exported electricity
- Regulatory
 - Hassle of connecting to electricity network
 - Planning
- Lack of awareness, need for help with unfamiliar technology and regulatory/grant complexity
- Other: heat, (lack of) strategic approach

Climate Change Bill

- Puts carbon targets on legal footing
- Statutory Carbon Budgets
- Accountable to Parliament

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EU Council Conclusions

- At the Spring Council 07, Heads of State agreed –
 - unilateral EU commitment to cut greenhouse gases by at least 20% by 2020, compared with 1990 levels
 - target of 20% of EU energy consumption to come from renewable sources by 2020

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Greener Futures Package

- Communities and Local Government published package in December 2006 -
 - Code for Sustainable Homes
 - Zero Carbon Homes target consultation
 - Consultation on Planning and Climate Change PPS

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Zero Carbon Homes

- Aim for all new housing to be 'zero carbon' by 2016 – over 200,000 new houses p.a. by 2016
- Code for Sustainable Homes designed to plot path to 2016
 - 6 levels
 - Minimum energy standard - 10% additional reduction in carbon emissions vs Building Regulations
 - Top level is zero carbon

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Planning

- Can be driver or barrier
- Positive planning critical to the success of microgeneration
- 2 key areas –
 - Planning policy statements
 - Permitted development regime

Permitted Development

- General Permitted Development Order 1995 – before microgeneration was widely available
- Concerns raised –
 - Lack of clarity as to whether planning permission is required
 - Different interpretations of regulations by local authorities
 - Complex process of seeking planning permission

Permitted development review

- Review aimed at making technologies permitted development where possible
- Consultation published 4th April
- Aim to have amended SI by Autumn 07

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CCSE Act 06

- Assess need for microgeneration target
- Powers to force suppliers to offer tariff for export
- Review permitted development orders
- Enable inclusion of electricity microgeneration in EEC if desirable
- Enable changes to Renewables Obligation to make it easier for microgenerators to claim ROCs

Low Carbon Buildings Prog

- Launched in April 2006
- £86m
- 2 Phases –
 - Phase 1 - £36m (£1.5m used to ease transition)
 - www.lowcarbonbuildings.org
 - Phase 2 - £50m announced in Budget 06

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In summary...

- Microgeneration technologies have significant potential
- Important to have a mixture of policies supporting growth of sustainable industry that can deliver Government policy

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