

---

# Ofgem Microgeneration Forum

## 21 May 2007

### Export Reward, the RO & Life beyond grants for microgeneration

Dave Sowden  
Director – ENSG Work Programme 4  
Chief Executive, Micropower Council



---

# Overview

- Export reward
- Microgeneration & the RO
- The wider financial incentives debate
- Conclusions

---

# Export – real issues

- Dominated by transaction costs
- generally uneconomic for suppliers to register customers
- Most do offer to pay anyway (big range of prices offered)
- BSC mod one step in addressing some of the transaction costs
- BUT - even with no transaction costs underlying value low
- value of reduced DNO network costs – “SIAM” report
- still difficult to get export meters

---

# BSC Modification 213

- BSC Mod  
technically - changes BSC to allow different profiling arrangements to apply to import and export where both assigned to a single MPAN
- option to use single MPAN also requires change to the MRA (not yet raised)
- should help reduce agent charges and SIMPLIFY some of the other industry processes
- **BUT** does not address underlying volume-related transaction cost issue

---

# **Microgeneration and the RO**

(courtesy of Jade Energy, 2005)



# 6 steps to certificates

## 1. Accreditation of each station (**ROCs**, RES LECs & *REGOs*)

- Agent Authorisation letter
- Complete application form (duplicate)
- Electrical line diagram
- Operator declarations
- SELL & BUY BACK AGREEMENT



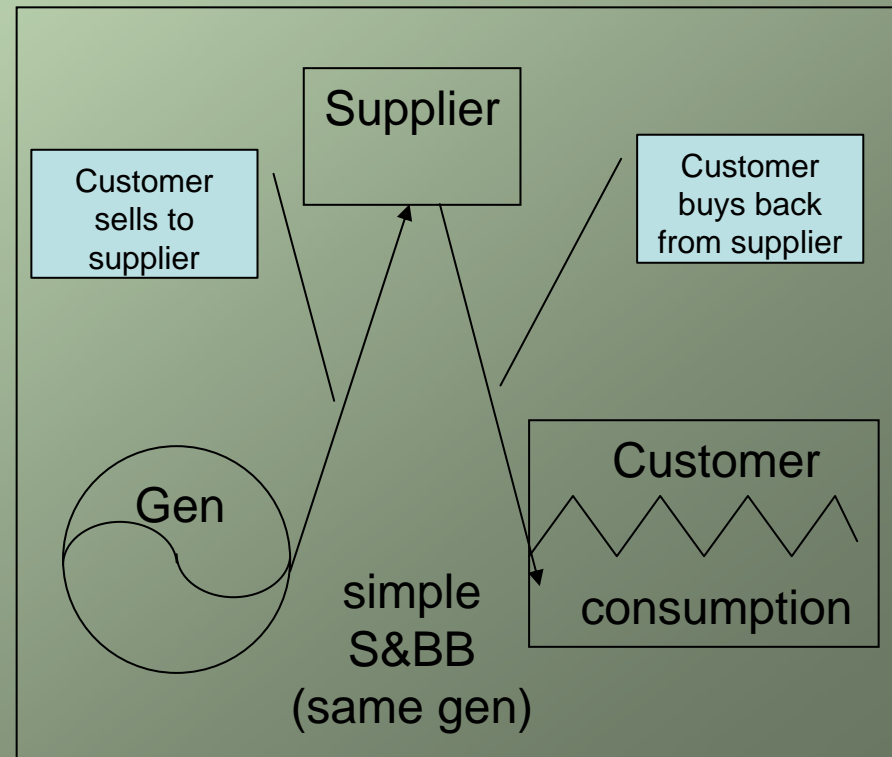
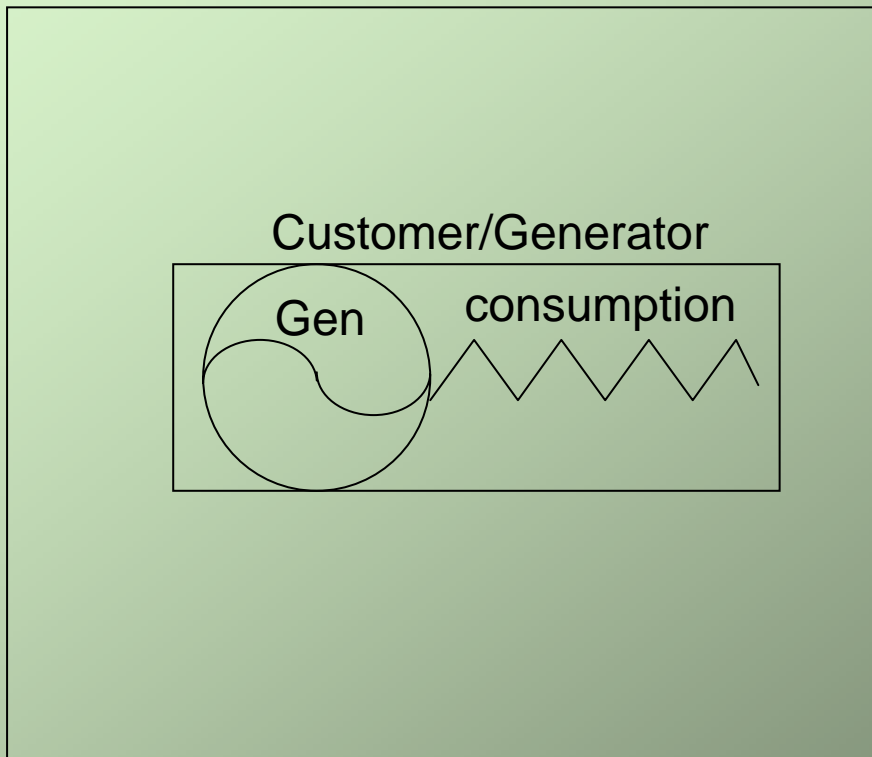
**Does not guarantee eligibility for certificates**

# 6 steps to certificates

1. Accreditation of each station (ROCs, RES LECs & REGOs)
2. Sell & Buy Back Agreement

# Sell & Buy Back Agreement

- Required where generator uses some of its own generation to meet its own needs to ensure that electricity has been “supplied” to a customer in GB





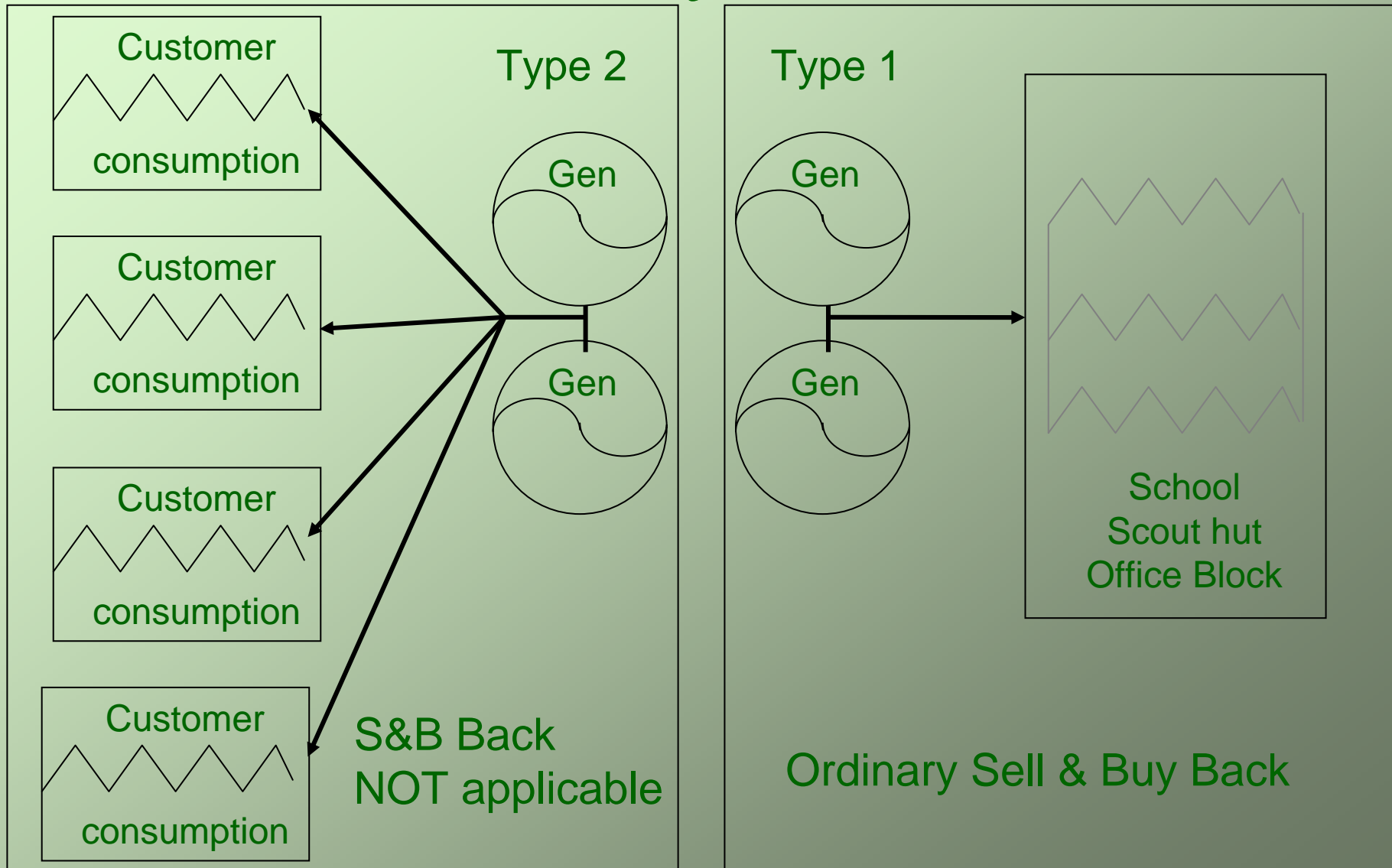
# 6 steps to certificates

1. Accreditation of each station (ROCs, RES LECs & REGOs)

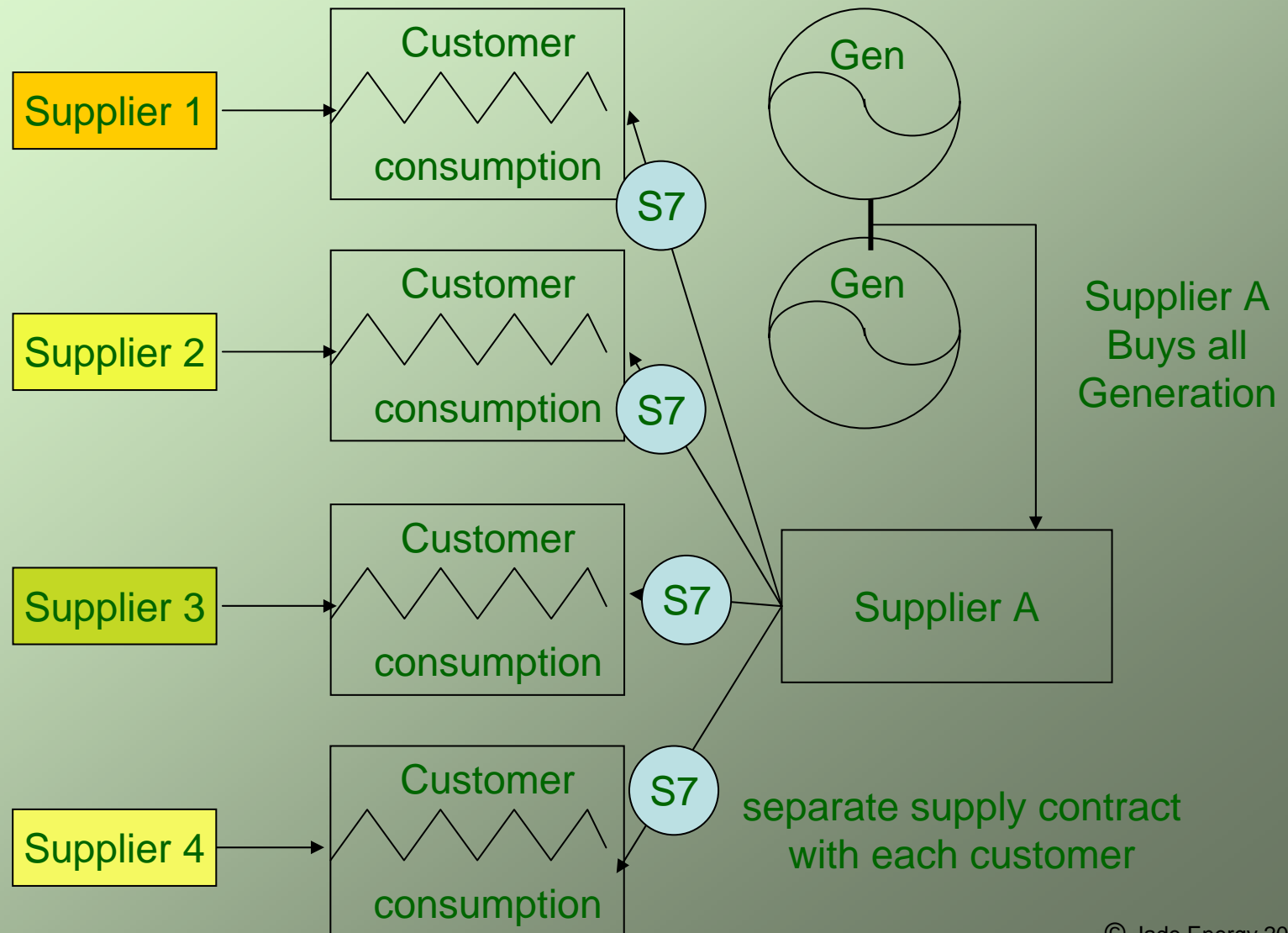
## 2. Sell & Buy Back Agreement

- Implications for supplier
- Implications for metering
- Complications for some forms of “community schemes”

# Community Schemes



# Community Scheme Type 2.....



# 6 steps to certificates

1. Accreditation of each station (ROCs, RES LECs & REGOs)
2. Sell & Buy Back Agreement
3. Obtain Register Account
  - Operator account needed for ROCs (can appoint agent – separate letter)
  - No register for LECs
  - Operator does not need account for REGOs

# 6 steps to certificates

1. Accreditation of each station (ROCs, RES LECs & REGOs)
2. Sell & Buy Back Agreement
3. Obtain Register Account
4. **Submit meter data**
  - ROCs annually +/- 5 day read within 2 months
  - LECs monthly +/-1 day within 2 months
  - REGOs whenever (must cover at least one calendar month)
  - Estimates at Ofgem's discretion

# 6 steps to certificates

1. Accreditation of each station (ROCs, RES LECs & REGOs)
2. Sell & Buy Back Agreement
3. Obtain Register Account
4. Submit meter data
5. **Ofgem issues Certificates**
  - ROCs round to .5MWhs (into operator's account)
  - LECs carry forward (to generator/supplier)
  - REGOs per kWh (into nominated account)

# 6 steps to certificates

1. Accreditation of each station (ROCs, RES LECs & REGOs)
2. Sell & Buy Back Agreement
3. Obtain Register Account
4. Submit meter data
5. Ofgem issues Certificates
6. **Transfer Certificates**
  - ROCs to supplier (matched notifications)
  - REGOs (if required, single notification)

# Other Issues

- Revocation
- Complexity of LECs & how they can be used
- Rounding issues
- Differences in the Schemes
- Terminology



# Options for change

- Bulk Processing
- Meter data issues
- Sell & Buy Back contracts
- LECs
- ROCs & LECs for REGOs
- Customer Friendly
  - Simplification of Accreditation Form
  - Plain English Guides
  - Help Line

---

# Since then...

- Some progress
  - Agents introduced
  - Amalgamation allowed
  - Removed Sale & Buyback requirement
- But major issues still remain
  - ROC accreditation form MUCH better - but still too long
  - admin burden on agents (& Ofgem) still too big relative to value
  - inability to change agent mid obligation period
  - what happens if meter reads not obtained at yr end
    - estimates only allowed for technical meter reads
    - process for agreeing that an estimate can be used to complex/admin overload
    - more important now agents allowed
  - DC meters - none compliant with S7
- No government response to TYPE APPROVALS proposals, which solve most of these problems as in Australia

---

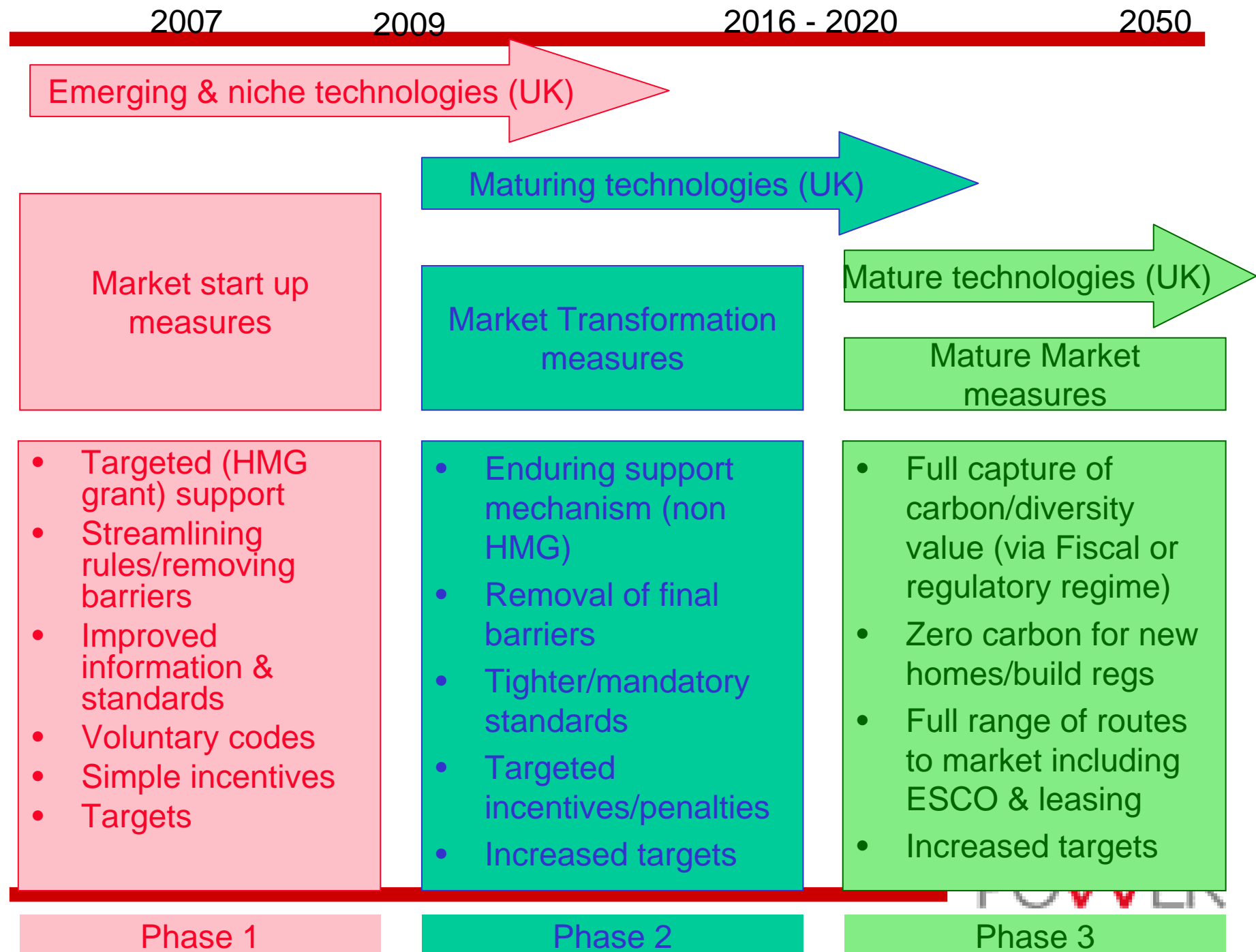
# Export Reward & The RO

## A Verdict

- First steps useful, but perceived problem of "low export value" remains
  - Less than LCBP (when capitalised)
  - Less than continental feed-in-tariffs
- Problem remains, especially once household grants expire in 2008

---

# The wider financial incentives debate



---

# Beyond Grants...

- LCBP ends June 2008 (or earlier if the money runs out)
- Where next for householders?
  - Renewable heat – EEC + weighting factors
  - Renewable electricity – EEC? (would require very high weighting factors for wind + PV)
  - Export reward / RO access (banded) / Feed-in tariffs
  - Tax incentives? Further grants?
- Different technologies at different stages
  - “one size fits all” probably no longer works

---

# Conclusions

- Developments in Export Reward & the RO
  - Helpful steps but not enough on their own, or together
- Blurred distinction between market & subsidy
- Link to wider financial incentives debate & life beyond grants