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BETTER INFORMATION AND EASIER ACCESS TO INCENTIVES NEEDED FOR CUSTOMERS SELLING ELECTRICITY GENERATED IN THE HOME

- **Suppliers now offer a fair price to customers wanting to sell electricity generated from household microgeneration units**
- **Customers need better information and easier access to incentives to sell back power**

Energy suppliers have stepped up their efforts to offer fair prices to customers wanting to sell electricity generated from household microgeneration units, according to a report by Ofgem to the Government.

A variety of units such as roof-top wind turbines or solar panels can be used to generate electricity in the home. The Climate Change and Sustainable Energy Act, which became law in 2006, requires suppliers to set up arrangements to buy back any surplus electricity that customers would want to sell.

A report released today (Tuesday) by Ofgem shows that the prices suppliers now offer customers are a fair reflection of the wholesale price of electricity and other benefits that come from locally sourced energy.

Suppliers offer reasonable prices to people wanting to sell surplus power and the number of customers signed on with suppliers to sell the surplus electricity has increased significantly to to approximately 1,500.

Nonetheless, Ofgem estimates that the payback on the costs of household electricity generation kits may take twenty years or more, given current market conditions. The payback period depends on several factors such as the technology being used, the price customers are being paid for electricity they sell and how much of the electricity generated is being used in the customer's own home.

Alistair Buchanan, Ofgem Chief Executive, said: "Our research shows that customers are getting a fair deal for selling back power. However they should be aware that it could take a long time for them to recover their investment. Customers need better, clearer information to help find the best deal, as they will have to weigh up several factors such as the returns they could make on exporting power and the costs of a meter to register exports.

"More importantly, the financial incentives for microgeneration have a big impact on the take-up of the units. The Renewables Obligation allows customers to make extra money from generating power from roof-top wind turbines and solar panels. The Government is reviewing the current financial incentives for microgeneration as part of developing a new renewables strategy to see what can be done to make it easier for customers to get financial support for microgeneration."

The conclusions of Ofgem's report will be fed into the Government's review. In addition, Ofgem will continue to explore with the Government ways of improving the efficiency with which the Obligation can be administered, particularly in relation to smaller generators.

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Notes to editors

1. A copy of Ofgem's report (published today) to HM Treasury is available at www.ofgem.gov.uk

2. Renewable microgeneration qualifies under the Renewables Obligation, which is the Government's main support subsidy for renewable electricity. The Obligation sets energy suppliers targets to source an increasing amount of their electricity from renewables. Domestic customers can make money by claiming Renewables Obligation Certificates (ROCs) according to the qualifying output of their microgeneration units. The certificates demonstrate that the energy from their units is from green power sources and can be sold to the energy suppliers.

3. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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