



The Micropower Council's response to Ofgem's consultation on the Carbon Emissions Reduction Target (CERT) 2008 2011

The Micropower Council

The Micropower Council is a cross-industry body whose membership comprises electricity and gas companies, manufacturers, trade associations, professional institutions, not-for-profit companies, non-governmental organisations, charities and private individuals, all of whom have a strong interest and expertise in the development of the micropower sector. A list of our members is available at <http://www.micropower.co.uk/council/members.html>

We provide the micropower industry's main focal point for Government, regulators, Parliament, opinion formers and the general public on regulation and public policy issues affecting the production by consumers of their own sustainable heat and power.

The terms micropower and microgeneration are used interchangeably and both encompass micro-renewable heat, micro-chp, and micro-electricity technologies.

The Micropower Council is pleased to provide this brief submission in response to Ofgem's consultation on its draft CERT Supplier Guidance.

The majority of the matters covered in the consultation deal with the detailed application of the CERT procedures and we have not commented on these issues. However, there are three points of policy/principle that we feel are sufficiently important to warrant a policy response.

These deal with:

- the proposed incorporation of the microgeneration certification scheme (MCS) currently being created by BERR, BRE and Industry;
- the statement, in contravention to previous advice from officials, that the innovation cap will be set at 5% AFTER application of the uplift; and
- the proposal to refer to actions under the Priority Group Flexibility Mechanism as "fuel poverty measures".

We have set out our concerns on each of these points below.

Linkage to UKMCS accreditation and certification scheme

The Micropower Council is firmly committed to the development of an industry-wide accreditation scheme to protect consumers and build confidence in the industry. However, we have a number of concerns about reliance on the Microgeneration Certification Scheme as a prerequisite for qualification for inclusion within CERT:

- firstly, the scheme has not yet been formally launched. There are a number of issues to be resolved before the scheme's governing body, the Steering Group, will be able to give the necessary sign-off to allow the scheme to be fully implemented and the timescales for this are uncertain;

- secondly, the coverage is currently limited to England and Wales; and
- thirdly, the scheme is not yet fully comprehensive in its coverage and a number of important microgeneration technologies have yet to be accommodated.

In light of this, we believe that Ofgem should evaluate the different accreditation needs of each technology with the relevant trade bodies to determine the most appropriate approach for each one. There already exist British and European standards, which different microgeneration technologies must adhere to, which are more appropriate for incorporation into the CERT guidelines.

On an important point of detail, the consultation refers to the “BRE microgeneration certification scheme” whereas, in fact, the scheme is industry owned and is led by a Steering Group made up of representatives from relevant industry bodies and chaired by an independent member. BRE are currently contracted as scheme administrators and BRE Certification are, at present, the only agents able to undertake evaluations under the developmental phase of the scheme. However this could easily change over the CERT period.

In light of this, we believe that, if this scheme is referred to, it should be described as the Microgeneration Certification Scheme. We also believe that it would be helpful if Ofgem were to liaise with the Scheme’s Steering Group, prior to finalising the guidance.

Operation of Innovation ring fence

The Micropower Council has been advised, on a number of occasions, that the policy intent of the innovation ring fence proposal is that the ring fence limit should apply to the ACTUAL carbon savings such that a 5% limit would translate into 7.5% of the obligation after the 50% uplift is applied (as it does under EEC2). We are aware that the consultation draft of the order operates as described in the draft guidance and that Ofgem can only operate in accordance with the requirements of the order. However, we note that elsewhere in its consultation Ofgem anticipates changes to the order to bring it in line with current arrangements under EEC2 (para 4.27 refers) and we are very concerned that this consultation does not anticipate changes in this area.

For the avoidance of doubt, we have made other comments on the operation of the innovation mechanism in our response to DEFRA’s policy consultation, which impact on the structure and overall ring fence size, and which we have not repeated here.

The use of the term “fuel poverty measures”

The term fuel poverty has a very specific meaning and there is real concern within the industry that the correlation between those that qualify for inclusion within the Priority Group and those in Fuel Poverty is very poor and that these concerns also apply to those who qualify under the Priority Group flexibility mechanism. We therefore believe it would be misleading and inappropriate to use the term “fuel poverty” measures in this context (as many in real fuel poverty will simply not qualify and some who are not may).

We don’t have a particular view on what term should be used but, in an attempt to be helpful, we suggest something like “priority group flexibility measures” might be more appropriate.

We hope that you will find these comments useful. If you wish to discuss any of these points further please contact Jonah Anthony on jonah.anthony@micropower.co.uk and +44 (0) 7920571885.