

Dear Rachel,

The Micropower Council's response to: Distributed Energy - Initial Proposals for More Flexible Market and Licensing Arrangements

Thank you for the opportunity to comment on the above proposals.

The Micropower Council recognises that Ofgem has dedicated a considerable amount of time and effort into working with the industry (via meetings and discussions with the Distributed Energy Working Group) to understand and develop proposals that may alleviate some of the problems faced by distributed generator of electricity of above 50kW and this commitment is very welcome.

However, we had anticipated that this work programme would encompass issues facing both the above and below 50kW market and, indeed, the terms of reference make no reference to limiting the work programme to just the larger end of the market. We are therefore, like many other industry players, very disappointed that has not been a similar level debate involving industry players, or a similar opportunity to contribute to Ofgem's work to identify and address the issues facing the sub 50kW market.

On a number of occasions, I suggested to Ofgem that DEWG should consider microgeneration as part of its work. Although that suggestion was not taken up at that time, I had hoped that Ofgem would pursue this work in parallel to its work on mini-generation.

We are aware that Ofgem is in the process of finalising its work for the Treasury on export issues, requested by the Chancellor in his 2007 budget speech....

"have asked Ofgem to examine how green homes can benefit more from the prices paid when they become not just sources of clean energy for themselves, but sell it back to the grid."

.... and had understood that one of the key drivers for the establishment of the DEWG was to address this issue. As this has not been addressed in the DEWG forum, and there has been no formal industry input into this review, we look forward to seeing Ofgem's findings and to an active debate on how these findings should inform any recommendations Ofgem may decide to make.

We trust that Ofgem will soon commence the work on the equivalent "parallel work stream" for microgeneration that it promises in the introduction to this consultation paper. We look forward to working with Ofgem to feed into that process when the time comes.

Should you wish to discuss any of the issues raised in this letter please do not hesitate to contact me.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'D. Sowden'.

Dave Sowden
Chief Executive

Cc: Stephen De Souza, Director of Distributed Energy (BERR)

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