

DISTRIBUTED ENERGY – INITIAL PROPOSALS FOR MORE FLEXIBLE MARKET AND LICENSING ARRANGEMENTS: CONSULTATION

Response from WRAP (The Waste and Resources Action Programme)

Executive Summary

WRAP welcomes the opportunity to provide evidence to Ofgem, in response to their consultation paper published in December 2007.

Our response falls into two distinct parts: Part A contains some general comments on issues of particular interest to WRAP, based on our areas of operation and expertise. Part B contains our responses to two of the questions posed in the call for evidence.

About WRAP

1. WRAP (the Waste and Resources Action Programme) is a not-for-profit UK company funded by Defra, the Scottish Government, the Welsh Assembly and the Northern Ireland Assembly. The organisation was formed in 2000 to implement a number of actions set out in the Government White Paper *Waste Strategy 2000*¹.
2. WRAP works in partnership, to encourage and enable businesses and consumers to be more efficient in their use of materials, and to recycle more things more often. This helps to divert waste from landfill, reduce carbon emissions and improve our environment.
3. Since its creation, WRAP's work has contributed to reductions in greenhouse gases (CO₂, but also methane), by decreasing the amount of waste (and, in particular, biodegradable waste) going to landfill, promoting recycling, creating markets for recycled materials and encouraging waste minimisation. This has included the development of the UK anaerobic digestion markets. WRAP is in the process of setting up CO₂ reduction targets for each of our programmes, to start from April 2008, when our next Business Plan comes into operation.
4. This consultation is therefore highly relevant to our work.

¹ Department of the Environment, Transport and the Regions (2000), *Waste Strategy 2000 for England and Wales*, Parts 1&2, Cm 4693-1&2, London: Stationery Office.

PART A: GENERAL COMMENTS

5. WRAP welcomes the consultation on distributed energy. In particular, we welcome the emphasis placed on low carbon generation methods. WRAP believe there is a need for a proactive approach required to create a regulatory framework and market conditions which support new techniques, and welcome the recent announcement by Hillary Benn to invest in commercial-scale anaerobic digestion.

6. However, we believe that the focus of Ofgem should not be solely upon energy generation; it should also include resource efficiency policies and measures, which fall under the umbrella policy area of sustainable consumption and production.

7. For example, waste plastics may be used to generate energy, but Life Cycle Assessments consistently demonstrate that recycling can save more energy and reduce CO2 emissions to a greater level. Using a waste material as an energy source may produce energy, but more energy could be saved by alternate options.

8. Over-consumption will result in higher than necessary use of energy including heat, and subsequently greenhouse gas emissions, regardless of the efficiency of production and transportation. An effective energy strategy needs to address the most efficient means of using resources and generating energy, as well as considering which fuel sources can supply the most energy.

PART B: DETAILED ANSWERS TO THE CONSULTATION QUESTIONS

9. We have set out below our answers to three of the consultation questions.

Q2. Should the existing per company maximum exemption limit be removed allowing one company to develop a number of different sites?

10. WRAP supports the removal of this exemption to encourage investment in distributed energy.

Q4. We welcome views on the 2001 Class Exemption Order, and areas where there could be more clarity in particular.

11. WRAP would support appropriate exemptions from licensing in line with government initiatives in other areas to modernise the way in which we approach regulation. We would urge the Ofgem to pay special attention to the level at which the exemption is set as many new DE schemes may be at the lower end of current generation capacity. Many schemes utilising emerging technologies will be small scale.

Q14. Have we considered all the options to address the lack of competition in the market for small generator output?

12. WRAP would encourage Ofgem to review the costs charged for connecting energy suppliers to the national grid, which we believe is a significant barrier to new technologies.

Conclusion

13. The optimum use for materials should be considered when planning their management as well as how much energy they would provide if used for energy generation.

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17 March 2008