

## Minutes of the Ninth Ofgem Environmental Advisory Group meeting

**Date:** 6 October 2005

**Time:** 10.30 – 12.30hrs

**Place:** 9 Millbank, London

### **Present**

#### Chair

Sir John Mogg

#### Members

Robin Bidwell, Gas and Electricity  
Markets Authority  
Mark Candlish, Slough Heat and Power  
Andy Duff, RWE npower  
Ian Marchant, SSE  
Jeremy Nicholson, EIUG  
Juliet Davenport, Good Energy  
John Roberts, United Utilities  
Philip Wright, Scottish Executive  
Peter Barton-Wood on behalf of Henry Derwent, Defra

Chris Bryant on behalf of Graham  
White, DTI

#### Ofgem staff

Amanda McIntyre  
Philip Davies (Item 5)

### **Apologies**

Paul Ekins, Policy Studies Institute  
Paul Jefferiss, RSPB  
Eoin Lees, Eoin Lees Energy  
Steve Smith, MD Markets, Ofgem  
Neil Davies, Environment Agency  
Bryony Worthington

### **1. Chairman's welcome and opening address**

Sir John welcomed everyone to the meeting and presented apologies received.

### **2. Minutes from previous meeting**

No comments were received on the previous minutes.

### **3. Heat and CHP**

Mark Candlish outlined the benefits of CHP including different types as well as the constraints that currently apply, eg in relation to district heating. He also raised questions about how a heat industry and renewable heat in particular could be encouraged to grow in the UK.

### **4. Policy update on CHP**

Peter Barton-Wood outlined the major and minor policy options for CHP being considered as part of the Climate Change Programme Review including how existing

policies are performing. These ranged from consideration of exported CHP electricity being exempt from the Renewables Obligation base to the extension of the Community Energy Programme.

After both presentations, members held a discussion on these and points raised included:

- clarification on how a heat obligation might work
- what options or one option might be more effective than others in terms of carbon reduction
- cost benefit analyses and impact assessments being required
- what other Member States are doing and the different drivers involved
- potential effects on the market and whether the market was starting to drive a response

#### **5. Request from CHPA for EAG minutes to be published on Ofgem's website**

Sir John Mogg put forward CHPA's request and members agreed that minutes, similar in style to those published in respect of the Authority's meetings, should be published after confirmation from members (on a negative consent basis) of any draft minutes.

#### **6. Ofgem's work on metering innovation**

Philip Davies gave an oral update on the work that Ofgem was doing on metering innovation which includes looking at international experience and drivers, the context in Great Britain, the potential benefits and who these will accrue to and consideration of the costs and benefits as well as any policy implications.

The subsequent discussion centred on members' generally being supportive of this work and seeking clarification on what action, if any was needed or could be justified in the market, could be taken by Ofgem. It was concluded they should return to this item for fuller consideration after completion of the work.

#### **7. Any other business**

A member raised a point about Ofgem's response to the preliminary consultation on the Renewables Obligation (RO) which compared the costs of the RO and the EU Emissions Trading Scheme. It was explained that the response sought to make clear that comparisons were not on a like for like basis but the intention was to demonstrate that the RO was an expensive form of carbon abatement, certainly in the short term. This point led to a short discussion about what price would lead to a change in consumer behaviour.

It was suggested that the Group should discuss nuclear energy at some stage.

#### **8. Dates of next meetings:**

Wednesday 8 February 2006 10.30 – 12.30

Wednesday 7 June 2006 10.30 – 12.30

Wednesday 11 October 2006 10.30 – 12.30