

CHPA PRESS RELEASE

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For Immediate Release

GOVERNMENT FAILING ON KEY CLIMATE CHANGE STRATEGY TARGET

Progress to Government's 2010 CHP target slowing to a standstill

- Only 108MW of new CHP capacity added in 2005
- Over 4,000 MW of new capacity needs to be added by 2010 to achieve the 10,000MW target
- Carbon savings from CHP increase

Today's publication of the DTI's Digest of UK Energy Statistics 2006 (DUKES) continues to document the Government's weak performance in achieving its UK Combined Heat and Power (CHP) target of 10,000 MW of operating CHP capacity by 2010.

DUKES reports that 5,792MW of CHP was installed by the end of 2005, with only 108 MW of new net capacity added over the year.

CHPA Director Phil Piddington comments:

"Ministers have stated publicly this year their strong support for the CHP target. However, both the Climate Change Review and the recently released Energy Review failed to introduce any new measures to drive forward the CHP sector.

"Increasing energy prices are helping boost the interest of consumers in small scale CHP opportunities – such as those already operating in over 1000 building applications, including hospitals, hotels and leisure centres, across the country. However, today's statistics indicate that the development of new industrial-scale CHP projects continue to face difficulties.

"At the same time, because of the power sector's increasing use of coal and oil, as documented today by Government, every unit of power offset by CHP helps reduce UK carbon emissions in ever increasing amounts. When compared directly against conventional fossil-fuelled generating plant, CHP is helping save 4.9 million tonnes of carbon each year.

"Government must help return confidence to investors to exploit the massive CHP opportunity the Government themselves have identified. The current deliberations around the second phase of the EU emissions trading scheme

provides a powerful opportunity to incentivise the CHP sector. If Government fails to send a very clear signal supporting the growth of CHP within this framework, the industrial CHP market, in particular, will continue to suffer.”

ENDS

Notes to Editors:

1. The Digest of UK Energy Statistics 2006 (DUKES) was published today by the DTI. The document is downloadable from:
<http://www.dti.gov.uk/energy/statistics/publications/dukes/page29812.html>
2. Combined Heat and Power (CHP) is the simultaneous generation of electricity and useful heat in a combined, highly efficient process. The Government's target, part of the UK's Climate Change Programme, is to double UK CHP capacity to 10,000 MW by 2010. A combination of generating heat and power at the point of use (instead of power have to be transmitted over long distances from centralised generating plant to end-user) and utilising what is generally wasted heat ensure that CHP can operate at higher efficiencies and provide significant primary energy savings.
3. CHP is a form of decentralised energy system ie generation technologies, which provide power, heat (or cooling) at the point of use. These range from microgeneration technologies operating in individual homes to community based systems such as those operating in Southampton or indeed large industrial CHP schemes powering over 200 industrial schemes in the UK at present. Typical industries utilising CHP include chemicals, oil refineries, paper, food and drink amongst many others. Most of these industrial schemes fall within the Government's EU Emissions Trading Scheme plan.
4. DUKES states that every 1 MW of CHP operating in the UK helps reduce carbon emissions by between 610 – 840 tonnes every year. Total CHP capacity is therefore saving between 3.5 and 4.9 million tonnes of carbon each year (the range comes about when CHP is compared against either a total electricity generation basket (including renewables and nuclear) or purely a fossil fuel basket).

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